

PARK WATER COMPANY WATER RULES AND REGULATIONS

1. GENERAL INFORMATION

1.1 Authority: These Rules and Regulations are adopted in accordance with the authority conferred by the Articles of Incorporation of the Park Water Company, a Colorado nonprofit corporation (hereinafter the "Company").

1.2. Policy: It is hereby declared that the following Rules and Regulations will serve a public purpose and will promote the health, safety, and general welfare of the Customer of the Company.

1.3 Purpose: The purpose of these Rules and Regulations is to provide for the control, management and operation of the water system of the Company, including additions, extensions and connections thereto, and to provide for the administration and enforcement of such standards. All service by the Company will be available in accordance with these Rules and Regulations and the charges established therefore, and subject to all penalties and charges for violation thereof, or any statutes applicable to the Company, subject to availability and capacity of facilities.

1.4 Scope: These Rules and Regulations shall be considered a comprehensive set of Rules and Regulations governing certain aspects of the control, management and operation of the Company. It should be noted, however, that not every conceivable aspect of the control, management and operation of the Company and its systems is covered in these Rules and Regulations, and that the Board of Directors of the Company reserves the right to make rulings concerning matters not covered herein as and when appropriate, in the opinion of the Board.

1.5 Regulations By Other Governmental Entities: Any limitation, restriction, or prohibition validly placed upon the Company by any governmental entity or by any agreement between the Company and any governmental entity is hereby incorporated into these Rules and Regulations by this reference and shall constitute a limitation, restriction and/or prohibition on each customer of the Company.

1.6 Effective Date: These Rules and Regulations shall be effective immediately upon adoption by a majority of the Company's Board of Directors at a duly called meeting.

1.7 Construction: It is the intent of the Board that these Rules and Regulations shall be liberally construed to effect the general purposes and policies set forth herein. Nothing set forth herein shall be construed as an alteration, waiver or deviation from any grant of power, or any limitation or restriction thereof, conferred or imposed upon the Company by its governing documents or the laws of Colorado as they currently exist and as they may exist in the future.

1.8 Amendments: These Rules and Regulations may be amended from time to time by the Board in the same manner as provided in Section 1.6 herein.

1.9 Saving Provision: The enactment of these Rules and Regulations, any amendment thereof, or the repeal of any prior existing Rules and Regulations or Resolutions shall not deny or limit any right, action, cause of action, penalty charge or fee which arose under such provision.

1.10 Repeal of Conflicting Resolutions: Except as set forth above, all prior resolutions of the Board of Directors of the Company or parts of resolutions in conflict herewith are hereby repealed.

1.11 Severability: The invalidity of any section, clause, sentence, or provision of these Rules and Regulations shall not affect the validity of any other part of these Rules and Regulations which can be given effect without such invalid part or parts, and to this end the provisions of these Rules and Regulations are hereby declared to be severable.

1.12 Variances: The Company reserves the right to waive or modify the provisions of these Rules and Regulations at its sole discretion. Any person seeking a variance of a provision of the Rules and Regulations shall have the burden of proving that the operation of such a provision as it is applied would cause undue hardship or should not be applied to the person for another justifiable reason and such variance shall not endanger the health, safety and welfare of the residents and inhabitants of the Company. The Board's decision to grant or to deny the variance shall be final and conclusive.

2. DEFINITIONS

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

2.1 Board or Board of Directors: The duly elected Board of Directors of the Company, which acts as the governing body of the Company.

2.2 Building: Shall mean any structure used or intended for supporting or sheltering any use or occupancy.

2.3 Business day: Company staffing for office or field operations may vary from day to day. Although a normal Business Day shall be from 8:30 A.M. to 3:30 P.M., Monday through Friday, legal holidays excepted, when any action required herein is delayed due to the lack of staffing, the deadlines herein set shall automatically be extended to the next Business Day for which staffing is available.

2.4 Connection: The connection of water service lines to Company lines.

2.5 Contractor: Shall mean any person, corporation or other entity acting as an independent contractor, authorized by the Company to perform work or furnish materials within the Company, and hired by either the Company or other persons or entities.

2.6 Company Costs: All Company costs associated with the new construction, reconstruction, enlargement of any portion of the water system, including, but not limited to, all Company costs of associated planning, engineering, inspection, administration, acquisition of facilities, right-of-ways or water rights, attorney fees and other fees which are necessary to provide new, different or additional services by the Company's service area or proposed service area.

2.7 Customer: Shall mean any member, as defined in the Articles of Incorporation of the Company, together with any lessee or tenant of such Customer, or other occupant of such Customer's property, who is supplied with service by the Company or any other person authorized to use water or connect to the Company water system under a permit issued by and Service Agreement with the Company.

2.8 Company Engineer: Person or firm that is appointed by the Board and employed or contracted to do engineering work for the Company.

2.9 Manager or Company Manager: The person retained by the Board to administer and supervise the affairs of the Company and its employees, including enforcement of the Company's Rules and Regulations.

2.10 May: Meaning, "is permissive."

2.11 Member: All property owners to whom the Company furnishes domestic water within the Wonderview Subdivision, Jefferson County, Colorado.

2.12 Operator or Company Operator: The person employed by the Board, or, in such person's absence, his or her duly authorized assistant, who shall supervise operation and maintenance of Company facilities, and who shall, among other things, operate, inspect and approve all Connections, excavations, and installations, systems and facilities.

2.13 Permit: Written permission of the Board of Directors given pursuant to these Rules and Regulations, subject to the specific terms and conditions contained therein.

2.14 Sampling: The periodic collection of water or sewage samples for testing.

2.15 Shall: Meaning, "is mandatory."

2.16 Stub-In: The curb stop.

2.17 Testing: The analysis of samples for composition, and other characteristics; in the context of construction or connection of water system facilities, the inspection and trial operation of the construction.

2.18 Unit: A building or portion thereof used for a single family residence.

2.19 Water Mains or Main Line: Any pipe, system of piping and appurtenances used as a conduit for water in the Company's water system and owned by the Company.

2.20 Water Meter: The component part of the company-owned water meter assembly which is used for the measurement and totalizing of the gallons of water that pass through it. (See remote register).

2.21 Water Service Line or Service Line: Any pipe, line, or conduit used to provide water

service from the main to the facility where the water service is provided to the customer.

2.22 Water System: All facilities and processes for diverting, transporting, distributing, storing, pumping, treating, measuring, etc. of the water.

2.23 Any Other Term: Not herein defined shall be defined as presented in the “Glossary - Water and Sewage Control Engineering”, A.P.H.A, A.S.C.E., F.W.A.A., and U.P.C. latest editions.

3. OPERATING PRINCIPLES AND LIMITATIONS

3.1 Policy: The Company shall endeavor to provide water services in a cost-effective manner and to provide for the operation, maintenance, repair and replacement of all mains, hydrants, valves, and facilities owned by the Company, for the health, safety, prosperity and general welfare of the members of the Company. The Company reserves full right to determine all matters related to the control and use of its water system and the right to use the Company’s water system by any person or entity as necessary to satisfy the general purposes set forth herein.

3.2 Construction of New Facilities: Notwithstanding any other provision of these Rules and Regulations to the contrary, all costs of new construction, reconstruction or enlargement of any water system facilities, including all associated planning, engineering, administration and attorney’s fees, which are necessary to extend water service to any property not served by the Company on the effective date hereof, shall be paid by the owner(s) of the property or Building to be provided service. The Board may act other than as required in this section only when it determines, in its sole discretion, that such action is in the best interest of the Company, or is necessary to provide for the health, safety and welfare of the inhabitants and visitors of the customers of the Company.

3.3 Liability: Neither the Company nor its directors, officers, or employees charged with the enforcement of these Rules and Regulations shall be liable to any person for any damages to persons or property resulting from the condition of any service or supply line, pipe, cock, or water meter; failure, interruption, or; inadequacy of the water or sewer services; the making of connections or extensions; sporadic, and excessive pressures; blockage in the system; failure of water facilities to be located where Company’s map indicates they should be, actions with respect to the water system of the Company deemed necessary by the Board of Directors or its agents; inspections, the issuance or denial of any permit, and the revocation of service to any property for violations of these Rules and Regulations.

3.4 Non-Liability for Work of Others: The Company does not assume any liability for any work performed by others.

3.5 Indemnity: Each customer shall indemnify and hold the Company harmless from and against any claim, liability, damage, loss, surcharge, penalty and expense, including reasonable attorney’s fees, arising out of or resulting from such customer’s performance or failure to perform any duty or responsibility specified hereunder or arising out of any misuse of the Company’s system or other property.

3.6 Company Ownership and Maintenance: Except as otherwise provided in these Rules and Regulations, all existing and future water system facilities connected with and forming an integral part of the Company's water system shall become and are the property of the Company. The Company shall be responsible for maintenance, repair and reconstruction of such property, including water mains, at the cost of the Company unless the situation necessitating such repair or reconstruction is the result of a change or enlargement of use, use or damage to such facilities, in which case such repair or reconstruction will be done at the expense of the person responsible for such use or damage. Said ownership will remain valid regardless of whether such property is constructed, financed, paid for, or otherwise acquired by the Company, or by other persons. No other persons, except those authorized by the Company shall have any right to enter upon, inspect, operate, adjust, change, alter, move or relocate any portion of the foregoing or any of the Company's facilities.

3.7 Ownership and Maintenance of Water Service Lines: All water service lines connected to the Company's system and all appurtenances associated therewith such as curb stops, etc. shall comply with the Company's specifications as to both materials and installation and be subject to Company inspections. However, such items shall be and remain the property of the Member, who shall retain responsibility for maintaining the same.

The Company is not responsible for damages resulting from leaks, stoppages, breaks, or other failures whether found in service lines, curb stops, or other similar appurtenances. All such leaks, stoppages, breaks, or other failures in service lines shall be promptly repaired by the customer upon discovery of the same. The Company reserves the right to shut off water or disconnect a service line from the Company's system when necessary to protect the health, safety and welfare of the inhabitants and visitors of the Company or to protect its water from being wasted. In such cases, the owner shall be responsible for payment of disconnect and reconnect charges and as well as any other related expenses as may be incurred by the Company.

3.8 Ownership and Maintenance of Water Meters & Related Assembly: Water meter assemblies and water meters shall be provided by the Company and maintained by the Company, at the Company's expense unless the meter has been damaged by the customer, in which case repair shall be at the customer's expense. It shall be the duty of all customers to notify the Company office if a water meter is not operating properly. It shall also be the duty of all owners to maintain free and clear access to the water meter and all component parts making up the water meter assembly. If any water service meter fails to register in any billing period, the customer shall be charged the average period consumption as determined by the Company manager.

3.9 Service Outside of the Subdivision; Outdoor Service or Excessive Service, Generally: No service shall be made available or water sold for usage outside the boundaries of the Wonderview Subdivision, Jefferson County, Colorado. The outdoor use of water provided by the Company for any purpose is prohibited. Excessive water usage also is prohibited.

3.10 Use of the Company's Easements: Landowners or any other persons shall not construct any permanent building or other similar structure on any of the Company's easements, though such persons may install temporary or removable and replaceable objects such as yard lights, mail boxes signs, fences, shrubs, flowers, or plants within said easements. If the Company in the process of

exercising one or more of the rights to the use of an easement, finds it necessary to remove any of the described items, which have been placed or planted within the easement, the Company shall not be responsible to replace such items after it has exercised such rights.

3.11 Use of Company's Other Property. The Company is the owner of the area known as Monzingo Park (the "Park") Landowners and other persons shall not place vehicles of any sort, trailers, equipment, building materials or any other items in the Park for purposes of storage, nor shall any landowner or other person display such items, with or without signage, for purposes of leasing, selling or otherwise disposing of the same. The Company shall maintain the Park for the common use and enjoyment of the Members and may adopt from time to time such additional rules as it deems necessary for its orderly use and protection. Upon no less than twenty-four hours prior written notice, the Company may remove any items left in the Park by a Landowner or other person and store the same as the Company deems appropriate. Any costs or expenses incurred by the Company shall be borne by the offending Landowner or other person, if known, and if not paid immediately upon demand from the Company, the Company shall be entitled to dispose of such Landowner's or other person's property without liability therefore. If ownership of any items left in the Park is not disclosed or otherwise apparent, the Company shall be entitled to dispose of such property without prior notice to any Landowner or other person. All unreimbursed costs and expenses associated with removal, storage, and disposal shall be deemed maintenance costs subject to collection as provided for in Section 9 of these Rules and Regulations.

4. USE OF PUBLIC WATER SYSTEM REQUIRED

4.1 Sumps and Water Wells Prohibited: The use or construction of any water well or sump within the Wonderview Subdivision by any customer of the Company is prohibited.

4.2 Use of Company Water Systems Required: No separate water system shall be constructed within the Company, unless such system is connected with the Company's water system. The owner(s) of any parcel of land within the boundaries of the Wonderview Subdivision, Jefferson County, Colorado which is subdivided subsequent to the effective date hereof, shall make application to the Company for extension of its water facilities to serve said subdivision. All expenses in connection with the construction of the extensions or enlargement of all facilities necessary to serve new development within the Company shall be paid for by the owner pursuant to the terms of a written agreement therefore.

5. APPLICATION FOR SERVICE

5.1 Policy: Service shall be furnished in accordance with the terms of a written Service Agreement between the Company and the owner and with the terms of these Rules and Regulation as they may be amended from time to time only after all fees have been paid and all required permits have been issued and all required inspections have been made.

5.2 General Rules Applicable to All Tap Permits:

5.2.1 Every new applicant for service must furnish satisfactory evidence of ownership

of property within the Wonderview Subdivision, Jefferson County, Colorado and enter into a written Service Agreement with the Company.

5.2.2 Upon execution of the written Service Agreement by the property owner and the Company and payment of the water development and tap fees, a tap permit number will then be issued for the applicant's property; however, payment of a tap fee and issuance of a tap permit does not entitle the applicant to connect to the Company's lines or obtain water or sewer service until all of the additional requirements, such as inspection and issuance of a connection permit have been obtained.

5.2.3 If an expansion of Company facilities or the extension of Company lines is necessary to serve the applicant's property, the Company shall condition the issuance of tap permits upon completion of the expansion or extension at the sole expense of the applicant and in accordance with the terms of these Rules and Regulations.

5.2.4 The tap and permit issued to an applicant are applicable only to the real property and building or portion thereof specified on the permit, and all rights under the permit shall be deemed to be automatically conveyed with title to such property. The permit shall not be transferable for use on other property, or to serve other buildings on the same property; except that upon written application, the transfer of a permit may be approved by the Company in its sole discretion upon payment of a transfer fee and a determination that such transfer will not impair the health, safety and welfare of the customers of the Company. Except as provided for in § 6.3, each tap permit shall allow only one service line connection.

5.2.5 Issuance of a Company permit does not authorize the holder thereof to make any cut in a public road or street or to do anything for which separate permission is required of another governmental entity.

5.2.6 The Company's Board retains, in its sole discretion and judgment, the right to deny an application for a tap permit, when the granting of the application would not be in the best interest of the Company or its customers. The factors that the Company's Board may consider include but are not limited to the following: whether adequate water rights, water storage rights, and related water facilities are available and will be available in the future to serve the proposed property; the impact of the proposed service on the Company's existing water service treatment, transmission, and storage facilities; the economic effect that the approval of the application would have on the Company or its customers; whether the granting of the application would adversely affect the public health, welfare and safety of the Company's customers; and other factors related to the request to provide such service.

5.2.7 The issuance of a permit does not entitle any customer to obtain continuing services from the Company. Each tap or other agreement issued or entered into by the Company shall be subject to each of the provisions of these Rules and Regulations as they may be amended from time to time, and shall be subject to each of the conditions and limitations set forth herein. Failure to abide by these Rules and Regulations may result in the imposition of costs, fines and charges, including such amounts as may be incurred by the Company in attorney's fees and other expenses in connection with formal or informal enforcement action and may result in disconnection of

services.

6. SERVICE LINE CONSTRUCTION AND CONNECTION

6.1 Required Permits and Fees: No service line shall be connected to the Company's water system until all fees have been paid, and applicable permits have been issued by the Company as provided in these Rules and Regulations. All water service lines connected to the Company's water system shall comply with the Company's specifications as shown in Appendix B as to both materials and installation, and shall be installed owned and maintained by the property owner. The Company shall inspect the initial installation of each service line as well as its connection to the water system and may enter upon the owner's property to inspect and operate the curb stop as it deems necessary thereafter.

6.2 Separate Service Lines: Except as otherwise provided herein, a separate and independent water service line and water meter assembly shall be provided for and installed at the expense of the property owner for each building, except outbuildings.

6.3 Multi-Unit Residential Structures: Each multi-unit residential structure shall have an individual service line (with meter assembly or sewer line appurtenance, as required) and a separate connection for each unit in the structure; however, this provision shall not apply where service is to a mother-in-law unit under common ownership with the primary residence building.

6.4 Interior Lots: A single service line may be allowed where one building stands at the rear of another on an interior lot and no separate service line is available or can be constructed to the rear building through an adjoining alley, court, yard, or driveway. No request for allowance of a single service line will be considered unless the applicant provides all necessary easements and a joint usage agreement in a form acceptable to the Company. By approving a single service line, the Company does not assume any obligation or responsibility for damage caused by or resulting from use of the single connection.

6.5 Inspections: Service lines shall be inspected under the supervision of the Company prior to connection to the Company systems. The applicant for the water service line connection permit shall notify the Company when the service line is ready for inspection and connection to the public system. A line shall be deemed ready for inspection when the entire line from the building to the public system, the curb stop, and other appurtenances are entirely exposed and accessible and a trench box is in place. The connection and testing shall be made under the supervision of the Company operator.

6.6 Design and Construction Specifications: Service lines shall be installed in accordance with the specifications set forth in Appendix B attached hereto and incorporated herein by this reference.

6.7 Contractor Qualifications: Service lines shall be connected to the Company system by or under the direction of bonded, licensed plumbers or pipe layers only. The Company assumes no responsibility for work performed by general or subcontractors or their agents.

7. MAIN LINE EXTENSIONS

7.1 Required Permits and Fees: A proposed customer seeking service requiring the construction or extension of a water or sewer main line shall submit to the Company an application for a main line extension permit and pay all required fees. All main line extensions shall be designed by the Company's engineers, constructed according to Company specifications by contractors hired or approved by the Company and on such additional terms as the Board may deem appropriate under the circumstances.

8. USE OF PUBLIC WATER SYSTEM

8.1 Policy: The public water system of the Company is designed to supply water for fire protection and in-house purposes only and not for irrigation or other outdoor uses. Use of water for manufacturing or industrial use is also prohibited. Excessive water usage for any purpose may be curtailed as deemed necessary by the Board.

8.2 Backflow Prevention and Cross Connection Control: Every customer shall abide by the Company's program for the prevention and control of hazardous cross-connections and protect the public water system from avoidable contamination. Every customer also shall comply with all applicable plumbing and health code related cross-connection control regulations.

8.3 Residential Sprinkler Systems: A variance from the Board shall be required to authorize the use of water from the Company's water system for residential rooftop fire sprinkler systems. Such use without a variance is prohibited.

8.4 Resale of Water: The resale of Company water by any customer is prohibited.

8.5 Water Conservation: Water supplied by the Company shall be used only for beneficial uses. Waste of water shall not be permitted.

8.6 Conservation and/or Safety Orders: Upon a determination by the Board or the Company manager that the Company is facing an immediate shortage in its supply of water or other conditions that threaten the health, welfare, and safety of the customers of the Company and that require immediate action, the Board or the Company manager is empowered to institute orders regulating or curtailing or suspending use of water by those served by the Company's water system. Any conservation or suspension orders shall be uniformly applied to all similarly situated water customers.

8.7 Effective Date of Conservation Orders: Conservation or suspension orders shall be effective immediately upon being signed or as otherwise provided. Copies of the orders adopted pursuant to this section shall be posted, delivered, or mailed to all residences and other premises served by the Company's water system.

8.8 Public Meeting to Discuss Conservation Orders: The Board may conduct a public

meeting on any water conservation or suspension order as soon as possible after the date of the adoption of such orders.

8.9 Use of Water Conservation Devices Encouraged: The Company encourages the use of water conservation devices for all properties served by the Company's water supply.

8.10 Enforcement: Every customer shall be responsible for compliance with the above-mentioned prohibitions, conservation orders, and proscriptions against waste. Violations, as determined by the Company manager, will subject the violator to fines and penalties as set forth herein. Violation by a guest, tenant, or other invitee of the customer shall not be accepted as a defense so as to limit the Company's right to impose fines, charges or other penalties and to exercise its contractual lien rights against the customer's property in case of non-payment. Additionally, where violations are not cured, are repeated three or more times, or create an immediate risk of harm to the public systems or the inhabitants of the Company, service may be suspended or disconnected. In all such cases, in addition to applicable fines and penalties, disconnect charges shall be added and, in order to reinstate service, re-connect charges also shall be added.

8.11 Appeals: Appeals of such penalties and charges may be made to the Board.

9. PERMITS, FEES AND CHARGES

9.1 Policy: All rates, charges and other fees to be levied for services to property served by the Company shall be as established from time to time by the Board. The rates and charges shown in Appendix A shall remain in effect until modified by the Board under the provisions of these Rules and Regulations and written Service Agreements.

9.2 Tap Fees: Any person requesting service shall file a tap permit application accompanied by the appropriate tap permit fee as set forth in Appendix A.

9.3 Temporary Tap Permit: The Board may allow, in its sole discretion, connections to provide temporary water and/or sewer service if it determines that good cause for such connection has been shown. Persons seeking temporary service from the Company for property within the Company shall submit an application for a temporary tap accompanied by the appropriate fee. Upon approval by the Company, a temporary tap permit will be issued. A service charge fee for a temporary connection will be calculated in the same manner as it would, had the connection been permanent, however, the Board may determine equitable fees or rates for temporary service on a case-by-case basis when necessary to consider the impact on the Company of providing temporary service. A temporary connection privilege shall terminate no later than a period of one (1) year, unless good cause is shown to the Company for extending it another year, except that the temporary connection privilege shall terminate immediately upon the conveyance, modification or enlargement of the property or structure connected, unless Company approval is obtained. The granting of a temporary connection confers no permanent right to be connected to the Company's facilities. Unless the Board determines otherwise, all requests for service for a period exceeding one (1) year shall be deemed as being for a permanent purpose.

9.4 Fees Non-Refundable: All tap fees, whether for temporary or permanent purposes shall be non-refundable.

9.5 Amended Tap Permit: Anytime a tap permit has been issued, and subsequent thereto the meter size is changed, or the classification of the property or level of service needed under said permit is changed so as to increase the level of service necessary, the owner shall apply for an amended tap permit and pay such additional fees as applicable.

9.6 Main Line Extension Permits:

9.6.1 Fees to be Paid: No main line extension permit shall be issued to the owner until a main line extension permit fee, performance bonds and guarantees have been paid, and funds estimated to cover the Company cost to the Company associated with the main line extension deposited with the Company.

9.6.2 Main Line Extension Permit Application: No main line extension permit will be issued until an application form properly completed and signed has been filed with the Company by the property owner. Prior to approval of the application, the applicant shall submit and have approved by the Company the engineering design and construction plans for the proposed service line and connection. The Board may give preliminary approval of an application, based upon terms and conditions which may allow design and construction specifications to be agreed upon by the Company manager. The Board shall specify whether approval of an application is conditional on construction of the main line extension by the Company, or by the proposed customer, and any other terms and conditions of such approval.

9.6.3 Performance Bonds: Any person constructing water or sewer system facilities to be conveyed to the Company, within the public right-of-way, or within any public or private easement granted to the Company for such purpose, shall furnish to the Company a performance bond equal to one hundred percent (100%) of the construction cost. When the owner is to be responsible for such construction, such performance bond shall hold the Company harmless for payment to the contractor. The property owner shall indemnify the Board for any loss or damage that may directly or indirectly be occasioned by the installation of the water or sewer service.

9.6.4 Guarantee: Prior to acceptance by the Company, any person constructing water or sewer system facilities to be conveyed to the Company, within the public right-of-way, or within any public or private easement granted to the Company for such purpose, shall guarantee or cause its contractor to guarantee to the Company the construction against faulty workmanship and materials associated with such construction for a period of two years after acceptance by the Company. A guarantee of all maintenance for two years from the date of acceptance by the Company of the lines shall also be provided. A performance and maintenance bond or other security acceptable to the Company shall be furnished as such a guarantee. Inspection and approval by the Company of any such facilities shall not relieve the guarantor from compliance with these provisions.

9.7 Unauthorized Tap Connection Fee: An unauthorized tap connection penalty shall be payable by persons connecting to a Company line without prior payment of tap fees or other fees, and

adequate inspection of lines. Should the Company determine that disconnection, or turning off of service, is necessary because of the unauthorized connection, prior to re-connection or turning on service, all unauthorized connection fees, any other outstanding fees or charges, a re-connection fee, and all Company costs associated with such disconnection and re-connection must be paid.

9.8 Service Charges: Upon the securing of a connection permit for service and upon payment of the tap fee, water service charges shall commence at the time of meter installation. Whenever possible, service charges will be directed to the owner of the property rather than the occupant, with the owner ultimately being responsible for such charges in any event.

9.8.1 Calculation of Service Charges: Service charges shall be paid by all Customers as provided in the schedule of fees and charges attached hereto as Appendix A.

9.8.2 Amended Service Charge: In those situations where, in the Board's sole discretion, the service charges shown in Appendix A do not represent a fair, reasonable and equitable charge for the intended use, the Board may adjust said rates.

9.9 Turn-Off-Service Fee: Whenever service is turned off, for any reason including vacation or vacancy of rental property, or delinquency of payment or violation of the Company Rules and Regulations, a turn-off-service fee shall be charged as provided in the schedule of fees and charges attached hereto as Appendix A.

9.10 Turn-On-Service Fee: When service has previously been involuntarily turned off by the Company, a turn-on-service fee shall be charged prior to the Company's turning on service, with such fee provided in the schedule of fees and charges attached hereto as Appendix A. A turn-on-service fee shall not be charged when service has been voluntarily turned off at the request of the Customer; the payment of the voluntary turn-off-service fee being deemed as covering the subsequent turn on request.

9.11 Account Transfer Fee: When a property with metered service is sold to a new owner, a transfer fee is assessed to the seller for the costs associated with reading the meter and required administrative time, with such fee provided in the schedule of fees and charges attached hereto as Appendix A.

9.12 Assessments: When, in the discretion of the Board of Directors, additional funds are necessary to pay costs associated with compliance, drought, legal proceedings, maintenance, construction or other capital projects, an assessment shall be made against each property served. Assessments shall be payable as determined by the Board.

9.13 Billing Procedure:

9.13.1 Service Charges: Billing statements for regular monthly service charges and fees not collected at the time of service shall be rendered monthly.

9.13.2 All Other Charges and Fees: Tap permit fees, inspection fees, turn-off and turn-

on service fees, fees for water meter installation and initial meter reading, performance bonds and guarantees, and all other fees and charges are due when application for such permit or approval is made, or the task requiring the fee or charge is initiated, whichever occurs first. All such charges and fees not billed and paid when the service is provided shall be included in monthly billing.

9.13.3 Delinquent Charges and Fees: Any unpaid balance in excess of \$75.00 or any balance that goes unpaid for in excess of sixty (60) days shall be deemed delinquent. All delinquent amounts shall accrue interest at the rate of 1.5% per month until paid in full. All collection expenses, including attorney's fees, shall be added as well. If fees or charges, including applicable interest and collection costs remain unpaid after thirty (30) days from the date written notice of delinquency is given by the Company, the Company may stop service to the property.

9.13.4 Liens for Unpaid Charges and Fees: All charges and turn off/turn on fees ultimately are the responsibility of the owner of the property served, and shall be a lien upon the property to which said service is provided and shall be a perpetual charge against such property until paid.

9.13.5 Returned Check Fee: Any check or other negotiable instrument tendered to the Company for payment which is returned to the Company and dishonored for any reason whatsoever shall be subject to a return check fee, with such fee provided in the schedule of fees and charges attached hereto as Appendix A.

10. INSPECTIONS

10.1 Powers and Authority of Inspectors: The Company operator or his or her designee shall be permitted to enter all properties within the Company for the purposes of testing, inspection, observation, measurement, sampling, repair, maintenance of any portion of the water facilities lying within said properties, and related matters.

10.2 Construction Inspections: The Company operator or his or her designee shall have the right to inspect any and all work during construction to insure installation in accordance with Company standards. After completion of construction of water lines, the Company manager or his or her designee shall make a final inspection of construction as provided elsewhere in these Rules and Regulations. Under no circumstances shall the Company be required to undertake inspection if the applicant is in violation of these Rules and Regulations by virtue of non-payment of fees or otherwise, in connection with the property for which the inspection is requested or any other property under common ownership.

11. ENFORCEMENT

11.1 Prohibitions: No unauthorized person shall turn on service from, uncover, make any connection or re-connection with opening into, extend, use, alter, or disturb any public water mains or appurtenances.

11.2 Violations: In case of violation of these Rules and Regulations, the Company may

revoke service, disconnect, turn off service, require the responsible person to disconnect, or require the responsible person to return the Company's system to its original condition, and shall require payment of all applicable fees and charges provided by these Rules and Regulations and all Company costs associated with the violation, including any expenses, losses, damages or attorneys fees occasioned by such violation by the responsible person. Such payment should be provided to the Company prior to the Company providing any service to any property or facilities owned, leased or occupied by the responsible party, whether or not such property or facilities are directly involved in the violation of this section. This section shall not be construed to limit the rights of the Company to pursue other fees, charges, remedies or forms of relief provided in these Rules and Regulations and by other applicable law.

11.3 Criminal Offenses: The Company shall file a complaint with the Jefferson County Sheriff's Office against any person believed to have maliciously, willfully, or negligently broken, damaged, destroyed, uncovered, defaced or tampered with any portion of the Company's water system, or taken water from the Company's system without written authorization.

11.4 Revocation of Service: Service shall be revocable by the Company upon non-payment of valid fees or charges owing to the Company, upon Board or the Company manager determines that an emergency exists and such revocation is necessary to protect the health, safety and welfare of the inhabitants and visitors served by the Company.

11.5 Notice and Hearing: In all cases except those involving an imminent hazard to the health, safety and welfare of the inhabitants and visitors of the Company, or to the Company's water or sewer systems, an owner or customer shall be given due notice of the opportunity to request a hearing prior to involuntary dis-connection or termination of service. Any request for a hearing concerning the Company's intent to revoke service shall be given in writing to the Company manager within ten (10) days of receiving such notice. Such notice shall be deemed to have been received by the owner or customer upon the delivery of such notice to the owner's or customer's residence or business, three (3) days after mailing of notice to the owner's billing address. Said hearing shall be held by the Company at a regular meeting or special meeting of the Board of Directors at which time the owner or customer shall have an opportunity to present testimony and evidence to the Board. Following said hearing, the Board's decision shall be final.

3.2.5 Meters:

- 3.2.5.1 Full ¾" to 1½" "Synsus" Read-O-Matic self-generating remote readout and frost protection base, or equivalent. Mounted between 1 foot and 5 feet off floor elevation. Maximum remote readout distance - 125 feet.
- 3.2.5.2 2" meters and larger - compound as approved by the Company Manager.

3.2.6 Meter Pits:

- 3.2.6.1 Standard for ¾" and 1" meters without pressure reducing valve:
Pits: 20" I.D. x 5' (5 cement rings).
Covers: Cast Iron 24" Double lids (Comco Inc. or equivalent).
- 3.2.6.2 Standard for ¾" and 1" meters with pressure reducing valve:
Pits: 30" I.D. x 6' (3 cement rings).
Covers: Cast Iron 24" - Double lids (Comco Inc. or equivalent).
- 3.2.6.3 For 1½" meters with and without pressure reducing valve:
(See Standard Drawings).

3.2.7 Service Saddles: Smith Blair #323 - Double Strap (cc thread), bronze, or equivalent.

3.2.8 Backflow Protection Device: Watts No. 7 Double Check Valve.

3.2.9 Pressure Regulating Valves: Watts U5B, Watts 25AUB, or Wilkins #70 Series with thermal bypass.

3.2.10 Service Lines: Main to House: Type "K" copper (ASTM B251) with flared connections, tested to main line pressure before covering.

3.3 Installation:

3.3.1 Location and Alignment of Service: Water service lines shall be located so as to take the shortest, most direct path (preferable perpendicular to the main) from the curb box, if existing, or the water main to the house. If possible the water line shall not be located under any paved driveway or service road. If curb exists, the curb shall be marked with a chiseled "V" at the point where the line crosses under the curb. All water service lines shall have a minimum cover of 6½ feet and shall be insulated in rock formation with Armaflex or comparable insulation. Water service is not allowed across property other than that being served, without prior approval of the Company. Water services shall have parallel path separation of at least ten (10) feet.

3.3.2 Service Stub-Ins: Curb stops and boxes are required in all service installations, with the curb box, if possible located on public right-of-way or Company easement. All lines shall extend from the curb box to the building/facility utility area and terminate with the standard meter mounting horn. The mounting horn is to be installed not less than one (1) foot from floor and not higher than five (5) feet above floor. Meters must be installed in such a manner to allow accessibility to the meter and to shut-off valves on either side of the meter. Exterior pit type installations shall be allowed only when a meter would otherwise have to be mounted in an unheated and inaccessible crawl space, in which case the service line terminates at the meter pit and horn assembly. Commercial service stub-ins (1½ inch line or larger) shall terminate at a curb stop and box. Curb boxes shall be three (3) inches above grade if located in earth. If curb boxes are located in a driveway or any other area, they must be flush with the surface.

3.3.3 Main to Curb Stop: Service lines from the main to the curb stop and from curb stop to meter horn assembly shall be one continuous length of pipe without joints or connections.

3.3.4 Meter Horn to House: The service line (authorized pit installations) from the horn assembly to the house shall be continuous without joints.

3.3.5 Remote Signal Cable: Shall be installed by the contractor. If an interior meter installation, the signal cable shall be roughed in the shortest path from the utility room (meter location) to the location where all other utilities are to be read, and daylight to the outside of the building at a height of five (5) feet above the ground surface. If an exterior installation, the cable shall be laid in a ¾" plastic conduit underground with twelve (12) inches of cover and in the shortest path from the meter pit to the location on the building where other utilities are to be read and at a height of five (5) feet above the ground surface.

3.3.6 Water Meter and Remote Register/Readouts: Shall be installed in the presence of the Company representative. The operational testing of the meter and readout shall be demonstrated at this time.

3.3.7 Minimum Cover Requirement: 6½ feet over the pipe.

3.3.8 Pressure Reduction Valves: A pressure reducing valve shall be installed in the copper service line just ahead of the meter installation.

4. EXCAVATION: Excavation of the trench shall be done in a workmanlike manner providing a trench that is straight and true with a flat bottom containing no rock or other deleterious material that would damage the pipe, and providing for a minimum of 6 1/2 feet of cover over the pipe. All excavated material shall be stockpiled in a manner that will not endanger the work nor obstruct sidewalks, driveways or streets, and the work shall be carried on in such a manner as to cause the least possible interruption to traffic.

5. TAPPING THE MAIN: Tapping of all mains and installation of corporation stop, to and including two-inch diameter, shall be coordinated with Company personnel. Notification shall be given to the Company 24 hours prior to need to provide ample time for the Company personnel to respond.

6. BACKFILL: Backfill material in streets shall be "Special Backfill Material" as required by the Jefferson County Engineering Department. Colorado Department of Highways, Class 5 or 6 base courses may be used in lieu of "Special Backfill Material."

7. SURFACE RESTORATION: Improved surfaces, located off customer's property, damaged during construction shall be replaced to the same elevation and shall be equal to and consistent with the condition of such surface existing prior to trench excavation. Sub-grade for all restored surfaces shall be thoroughly compacted by mechanical or hand tampers weighing not less than 20 pounds, by vibratory rollers, or by other proposed means of compaction acceptable to the Company representative.

Debris shall be removed from the site of the work at the expense of the Contractor.

8. PROHIBITED PRACTICES:

8.1 Grounding electrical system to the water service line.

8.2 Turning on the water service at the curb box by other than Company personnel.

8.3 Connecting storm drains into sewer system.

8.4 Crossing of water service lines, unless approved by the Company.

8.5 Sweated or solder fittings ahead of the pressure reducing valve.

8.6 Connecting to existing pig-tail at curb stop.

8.7 Clay pipe for sewer service lines.