

RULES AND REGULATIONS

for

TELLER COUNTY WATER AND SANITATION DISTRICT #1

The real property included within the boundaries of the District consists of:

1. Paint Pony Subdivision, Teller County, Colorado
2. Sunnywood Manor Filing # 1 Subdivision in Teller County, Colorado

RULES AND REGULATIONS

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ARTICLE I
GENERAL

1.1 AUTHORITY. The District is a governmental subdivision of the State of Colorado and a body corporate with those powers of a quasi-municipal corporation that are specifically granted for carrying out the objectives and purposes of the District.

1.2 PURPOSE. It is necessary for the health, safety and welfare of the residents and owners of property located within the TELLER COUNTY WATER AND SANITATION DISTRICT #1 to regulate the distribution of water and all associated appurtenances and facilities. The purpose of this consolidated body of Rules and Regulations is to ensure an orderly and uniform administration of water operations for TELLER COUNTY WATER AND SANITATION DISTRICT #1.

1.3 POLICY. The Board of Directors of the District hereby declares that the Rules and Regulations hereinafter set forth will serve a public use and are necessary to promote the health, safety, prosperity, security, and general welfare of the inhabitants of the District. The promotion of water conservation shall be a legitimate objective and policy for the Board's consideration in the enactment and enforcement of these Rules and Regulations and any future amendments.

1.4 SCOPE. These Rules and Regulations shall be treated and considered as comprehensive regulations governing the operations and functions of the District, and shall supersede all prior rules and regulations of the District. In the event any of the terms or provisions hereof shall conflict with the provisions of the Colorado Special District Act, Title 32, the terms of said statutes shall govern.

1.5 INTENT OF RULES AND REGULATIONS. It is intended that these Rules and Regulations shall be liberally construed to affect the general purposes set forth herein, and that each and every part hereof is separate and distinct from all other parts. Nothing contained herein shall be construed to prejudice or affect the rights of the District pursuant to any law which is now enacted or may subsequently be enacted by the Colorado General Assembly pertaining to the governmental or proprietary affairs of the District.

1.6 AMENDMENT. The District shall retain the power to amend these Rules and Regulations, by resolution of the Board, upon the consent of the majority of the Board at any regular or special meeting of the Board. Except as may be required by law, prior notice of these amendments shall not be required to be provided by the District exercising its amendment powers pursuant to this Section.

1.7 USAGE AND TITLES. All words and phrases shall be construed and understood according to their common and approved usage. The title of any heading in these Rules and Regulations shall not be deemed in any way to restrict, qualify, or limit the effect of the provisions set forth in the section or subsection set forth under such heading.

1.8 CONTRACTUAL AGREEMENT/ATTORNEY'S FEES. Notwithstanding any provisions of these Rules and Regulations to the contrary, all property owners, customers and users serviced by the District are responsible for knowledge of all provisions of these Rules and Regulations and hereby agree to be bound by these Rules and Regulations as a matter of contract and as a condition of service for which there is good and valuable consideration. In the event the District shall commence proceedings to collect any payments of whatever nature due and payable to the District, or to otherwise enforce these Rules and Regulations, the delinquent or defaulting party shall be responsible and hereby agrees to the payment of any and all costs and expenses incurred in connection with said proceedings, including, but not limited to, reasonable attorneys' fees.

ARTICLE II DEFINITIONS

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

2.1 APPLICANT. "Applicant" shall mean any person who applies to the District for a service connection or service disconnection, main line extension, or other such service agreement, or who attempts to have real property included or excluded from the District, as the case may be.

2.2 BOARD. "Board" and "Board of Directors" shall mean the duly elected or appointed Board of Directors of the TELLER COUNTY WATER AND SANITATION DISTRICT #1.

2.3 COLORADO SPECIAL DISTRICT ACT. "Special District Act" shall mean C.R.S. §32-1-101 et seq.

2.4 CUSTOMER. The Person or authorized agent of the person designated on the records of the District as the person responsible for payment of charges incurred for use of the District's services at the premises being served.

2.5 DISTRICT. "District" shall mean the TELLER COUNTY WATER AND SANITATION DISTRICT #1 and its duly authorized representatives.

2.6 DISTRICT ENGINEER. "District Engineer" shall mean that person or firm which has been authorized by the District to perform professional engineering services for the District.

2.7 INSPECTOR. "Inspector" shall mean that person who shall inspect all water connections, excavations, and installations and repairs to the water systems and facilities of the District to ensure compliance with the Rules and Regulations.

2.8 OPERATOR. "Operator" shall mean any duly certified, licensed person engaged by the District to operate and maintain the water system.

2.9 PERMIT. A Permit shall mean the written permission to connect to the water systems of the District pursuant to the Rules and Regulations of the District.

2.10 PERSON. A Person shall mean any entity of any nature, whether public or private.

2.11 PROPERTY OWNER. A Property Owner shall mean the owner of the real property as recorded in Teller County.

2.12 PROPERTY SHUT-OFF VALVE. "Property Shut-Off Valve" shall mean the entirety of the "curb valve," "curb box", "curb stop", or "shut-off box" located on the service line used to control the flow of water from the main line into a service line for a customer's property.

2.13 RULES AND REGULATIONS. "Rules and Regulations" shall mean the Rules and Regulations of the District, including all amendments and policies as set forth in the District minutes and resolutions.

2.14 SERVICE LINE. "Service Line" shall mean any privately owned and maintained pipe, line, or conduit used, or to be used, to provide water service from a water main to a residential unit, whether the pipe, line, or conduit is connected or not. The Service Line is that water line extending from the property, building, establishment or grounds up to and including the connection to the water main. The Service Line may be connected to a Property Shut-Off Valve on each side.

2.15 SHALL OR MAY. Whenever "shall" is used herein, it shall be construed as a mandatory direction. Whenever "may" is used herein, it shall be construed as a permissible but not mandatory direction.

2.16 TAP OR CONNECTION. "Tap" or "Connection" shall mean the connecting of the service line to the water system, either directly to a main line or stub out from the main line, which service line extends beyond the easement line or property line into the residence intended to be served, whether or not actually connected to the structure's water or sewer system.

2.17 TAP FEE. "Tap Fee" shall mean the payment to the District of a fee for the privilege of connecting a customer to the water system.

2.18 USER. Any person who uses, takes service from, receives benefit of service supplied or is connected to the water system.

2.19 WATER MAIN. "Water Main" shall mean any pipe, piping, or system of piping used as a conduit for water in the District's water system and owned by the District.

2.20 WATER SYSTEM. "Water System" shall mean any water main line, appurtenances, accessories, or portion thereof owned and maintained by the District, which transmits and distributes water from treatment or storage facilities to users, excluding service

lines and excluding any Property Shut-Off Valves. It shall not include the service line or any facilities off a customer's service line, including the Property Shut-Off Valve. It also includes the District's wells, storage facilities, property, sources of water, water works, or any other facility or appurtenance utilized by the District, either directly or indirectly, for the provision of water service.

ARTICLE III
OWNERSHIP AND OPERATION OF FACILITIES

3.1 RESPONSIBILITIES OF DISTRICT. Except as otherwise provided by these Rules and Regulations, the District is responsible for the operation, maintenance, and repair of the water system.

3.2 LIABILITY OF DISTRICT. In no event shall the District be liable or responsible for inadequate treatment, interruption and resumption of service, or loss of pressure brought about by circumstances beyond its reasonable control. Likewise, the District shall have no liability for interruption and resumption of water service or of pressure, and any injury or damage resulting there from as a result of repairs and maintenance by the District or performance of its other obligations and responsibilities hereunder, or as a result of acts or omissions by other parties. The District shall have no liability or responsibility for any aspects of the service lines, Property Shut-Off Valves, or other facilities not owned by the District or for any damage caused by running or escaping of water from open or defective faucets or lines of the customer. In addition, the District shall have no responsibility for notification to customers of any of the foregoing conditions.

Notwithstanding anything else herein, continuous uninterrupted service is not guaranteed. Service may be interrupted or curtailed for a variety of reasons, including but not limited to: emergency repairs, equipment or system failure, events, occurrences, accidents, strikes, force majeure, and/or supply or system constraints.

The District is not responsible for loss or damage resulting from water system design, construction, operation practices and procedures, or repair or maintenance of the system, except as may be expressly authorized by law.

The District is not liable to any person for consequential damages of any kind, including without limitation, loss of business, products, wages, computer data, loss of use, or lost profits.

The District is not responsible for any damages caused by the failure of any customer or user to provide that equipment necessary to protect against any loss or damage, including but not limited to the customer or user's failure to install a pressure reducing valve.

Nothing herein shall waive any of the requirements, protections, and limitations afforded to the District by the Colorado Governmental Immunity Act or any other such requirements, protections, and limitations afforded to the District by law.

3.3 RIGHTS, OBLIGATIONS, AND AUTHORITY

3.3.1 GENERAL AUTHORITY. The District shall have all rights and authority granted to a Water District under the Colorado Special District Act to carry out its responsibilities and obligations hereunder.

3.3.2 INTERRUPTION OF SERVICE. The District shall have the right to temporarily discontinue service to any property, at any time, when deemed necessary or appropriate by the District to perform maintenance or repairs or to perform its other obligations and responsibilities. When possible, customers affected by a water outage will be notified in advance so they can fill receptacles to sustain the outage. Notwithstanding the foregoing, the District is authorized, without prior notice, to interrupt or curtail water service whenever an emergency circumstances exists which require such interruption or curtailment for safety or operational reasons as determined by the District, including without limitation, supply limitations or restrictions, treatment limitations or restrictions, transmission or distribution system restrictions or failures, or operational problems.

3.3.3 REVOCAION OF SERVICE. In addition to any other rights the District may have to revoke service, the District shall have the right to revoke service to any property for violations of these Rules and Regulations in accordance with the procedures set forth herein.

3.4 OWNERSHIP OF WATER SYSTEM. All existing and future main lines and treatment works connected with and forming a part of the water system shall be and are the property of the District, not including any service lines, and not including any Property Shut-Off Valves. Main lines extended by parties other than the District, as set forth in these Rules and Regulations, shall not become the property of the District until accepted by the District in writing.

3.5 SERVICE LINES AND PROPERTY SHUT-OFF VALVES. The customer and/or applicable property owner are responsible for the proper construction, maintenance, repair, and replacement of the entire water service line serving the property from the main and shall also be responsible for all related service facilities regardless of whether such is on or within their property, or without their property, including the Property Shut-Off Valve. The customer and/or applicable property owner shall keep the service line, Property Shut-Off Valve, and all pipes and fixtures on the premises in good repair so as to prevent the waste of water. Service lines and Property Shut-Off Valves, shall be constructed, maintained, repaired, and replaced by the customer and/or applicable property owner, at the customer's expense, in accordance with District specifications and these Rules & Regulations. The property owner, customer and User shall hold harmless and indemnify the District for any loss or damage that may directly or indirectly be occasioned by the property owner, customer or user's responsibility for service lines and Property Shut-Off Valves, under these Rules and Regulations. The District does not assume any obligation nor acquire any liability whatsoever for loss or damage resulting from the service line, including, but not limited to the failure of the service line. Whenever repair, replacement, or any other work whatsoever, is undertaken by a customer with respect to a

service Line or any Property Shut-Off Valves, at least ten (10) days advance written notice shall be provided to the District by the property owner, customer and user, except in emergency circumstances, in which case such notice shall be given to the District as soon as reasonably practicable. The District in its discretion may require the inspection and approval for such work and such work, whether emergency or otherwise, shall not be covered until inspected and approved by the Operator. A District approved tracer line, which meets the District's specifications, is required on all Service Line installations, repairs, and replacements.

3.6 OWNERSHIP OF WATER METERS. Notwithstanding anything else herein, all water meters shall be and are the property of the District. The District shall be responsible for the maintenance, repair, and replacement of meters; except where such maintenance, repair or replacement is occasioned by an act or omission of the property owner, customer, user, or other person in which case such maintenance, repair or replacement shall be done by the District at the expense of such property, owner, customer, user, or other person. The property owner, customer, and user shall be responsible to protect the meter against freezing and damage.

3.7 INSPECTION POWERS AND AUTHORITY OF DISTRICT AGENTS. Authorized employees of the District, bearing proper credentials and identification, shall be permitted to enter upon all properties at all reasonable times for the purpose of inspection, observation, measurement, sampling, testing, and other matters necessary or appropriate for the District to perform its obligations and responsibilities. Any such entry shall be at reasonable times unless an emergency exists. The occupant of such property shall render all reasonable assistance regarding such activities. Failure to permit such inspections, observations, measurements, sampling, and/or testing upon request may result in a finding of violation of these Rules and Regulations and disconnection of service to the property of the party failing to permit such activity. In addition if entry or inspection to any property is denied or not promptly consented to, the District is empowered to obtain a warrant to enter, inspect, or perform any of the above-mentioned activities from the appropriate jurisdiction.

3.8 VARIANCES FROM RULES. The Board shall have the authority to grant variances from these Rules and Regulations in its sole discretion, upon an adequate showing of undue hardship not experienced by others and not caused by the applicant or person seeking the variance. Any such variance shall be in writing, signed by the Board, and shall not be deemed a waiver or an amendment of the Rules and Regulations. In addition, such variance shall not be considered as a binding precedent even if identical circumstances are later presented.

3.9 DAMAGE TO SYSTEM

3.9.1 DAMAGE TO SYSTEM. No person shall break, damage, destroy, cover, uncover, deface, impair, obstruct, impede, hinder, or tamper with any District property or the water system. It shall be unlawful for any person to interfere in any manner with any District property, including the Water System, without the prior written permission of the District.

3.9.2 DUTY TO REPORT. Any person who (1) destroys, damages, alters or

otherwise commits any act described in §3.9.1 concerning any District property, including the Water System; (2) causes or permits any foreign materials to enter the District property, including the Water System; (3) causes any obstruction in the flow of water concerning any District property, including the Water System; (4) causes or permits any water to escape from the District property, including the Water System in such a way that water is wasted or lost to beneficial use; or (5) discovers, observes, or has reasonable cause to believe that any of the foregoing has occurred, shall immediately report the same to the District.

3.9.3 UNLAWFUL TO POLLUTE. It shall be prohibited and unlawful for any person to pollute or contaminate any of the waters in or of the water system or to contaminate or pollute any service line or the property owner, customer, or user's water system with any substance not meeting the Colorado Primary Drinking Water regulations.

3.9.4 LIABILITY FOR DAMAGE. Any person who in any manner damages, injures, or impairs any of the water system or any other work, structure, improvement, equipment, or property owned by the District shall be liable to the District for any costs, damages, and expenses incurred by the District as a result thereof, which shall include, without limitation, repair or replacement of property damaged and reasonable attorney's fees in enforcement of payment.

ARTICLE IV USE OF WATER SYSTEMS

4.1 UNAUTHORIZED TAMPERING WITH SYSTEMS

4.1.1 UNAUTHORIZED USE. No person shall uncover, use, alter, disturb, interfere with or make any connection with or opening onto the water system without written permission from the District. Unauthorized use of or tampering with the water system includes, but is not limited to, unauthorized turn-on or turn-off of water service, burying valve boxes, modifying any water meter, wasting water, and resale or distribution of water from the District to any other premises. No person shall enter without authority or trespass upon any property or works used directly or indirectly for or in connection with the water system.

No person shall bypass any meter or engage in any unauthorized metering, regardless of whether or not such bypass or unauthorized metering involves the water system or the customer, property owner, or users water system.

4.1.2 VIOLATIONS. In the event of unauthorized use or tampering the Board may, in its discretion, order the user disconnected from the water system until such time as, in the sole discretion of the Board, such user is in substantial compliance with the scope and intent of these Rules and Regulations, and may take any such additional action as is authorized by these Rules and Regulations and Colorado law. Any person violating any of the provisions of these Rules and Regulations shall become liable to the District for payment of fines up to \$1,000 per occurrence plus any expense, loss, or damage incurred by the District

by reason of such violation. Such amounts due shall constitute a perpetual lien upon the violator's property.

4.2 USE OF WATER SYSTEM

4.2.1 COMPLIANCE. In addition to compliance with the Rules and Regulations, all property owners, customers, and users shall comply with all applicable County ordinances and State of Colorado laws regarding the use of water and the installation, maintenance, and repair of their service line and related service facilities upon their residences, including any Property Shut-Off Valve. In addition, all property owners, customers, and users shall comply with all terms and conditions of the well permits, water rights, decrees, and augmentation plans obtained by the District and related to the supply of water to the customers, including, without limitation, use of water for in-house purposes only at their residences. In order to maintain adequate water pressure and water supply and/or proper water quality, the District may restrict or deny the use of water by any person.

4.2.2 USE OF WATER. All water supplied by the district is and shall be on a license basis for one time use for lawful purposes on the customer's premises only. Neither the granting of this license nor the use of the water shall constitute or be deemed a relinquishment of the District's dominion and control of its water or of the title to any of its water or water rights. No act circumstance or condition of the use of or service shall be deemed to constitute a conveyance of the District's title or surrender of the District's dominion and control, or shall operate to create a vested or proprietary right, relating to the District's water rights, in any person whatsoever. It shall be unlawful for any person to make any reuse or succession of uses of the water provided by the District, except as specifically authorized by the District in writing. It is unlawful for any person directly or indirectly to sell, dispose of, or otherwise transfer water furnished by the District, except as may be approved by the District specifically in writing and in accordance with that persons service application. No person shall allow, permit or cause the waste of water. The District is empowered to enact such watering restrictions it deems necessary in order to preserve water supplies.

4.2.3 REPAIRS OF LEAKS. It is the responsibility of the property owner, customer, and user to bury the service line with sufficient cover to prevent it from freezing. The District shall repair leaks or breaks in the service line within twenty-four (24) hours of obtaining knowledge of a leak or from the time of notification of such condition. If satisfactory progress toward repairing said leak has not been completed, or if the District determines that environmental or property damage is being caused, or excessive waste the District may shut off the service until the leaks or breaks have been repaired to the satisfaction of the District. Notwithstanding the foregoing, at any time, the District at its sole discretion shall have the right to affect the repair, at the property owner, customer or user's expense, and the costs thereof shall constitute a perpetual lien on and against the property. The property owner, customer, and user shall be responsible for paying for any water lost due to leaks or breaks in the service line and to reimburse the District for associated costs related to finding said leak. Such water shall be paid for at the rate set forth in the current rate schedule. The measure of loss of water shall be the difference between the average usage of water as measured at the District's flow

meters for the ten (10) days prior to and including the day of the discovery of such water loss and the ten (10) days after the repair of same.

4.2.4 WATER METERS REQUIRED. All property owners shall have a water meter installed in each service line. The property owner, customer, or user shall be responsible for providing all necessary facilities for the installation of the water meter. No connection shall be made to the District's system without a water meter and remote reader supplied by the District having been properly installed to serve the subject unit. The installation and location of the meter and remote reader shall be subject to the approval and inspection of the District before water is turned on or before any further service is continued. The property owner shall be required to pre-wire and maintain with 18-gauge wire for a remote reader in a location designated by the District. The internal meter shall be installed in a location where it has adequate protection from frost. The property owner shall at all times continue to maintain the remote reader in an easily accessible condition acceptable to the District, or the property owner at his or her expense, shall be required to relocate the remote reader to a location acceptable to the District. In addition to all other remedies of the District, including termination of service, in the event that access to the remote reader is blocked or interfered with, the monthly rate shall be determined by using twice the highest of the applicable customer's previous monthly bill until compliance.

4.2.5 DEFECTIVE METERS. It shall be the duty of each property owner, customer and user to notify the District office if such property owner, customer or user has reason to believe the water meter is or may be operating defectively. The District may inspect any meter, which it suspects may be defective. In addition, any water meter shall be removed and tested upon complaint of the property owner, customer or user with payment to the District of its current fee pursuant to its schedule of rates and charges. If the meter is found to be accurate within 3 percent, the meter shall be reinstalled and the fee retained by the District. If the meter is found not to be accurate within 3 percent, then the meter shall be repaired and reinstalled and the fee returned to the property owner, customer or user who paid the fee. As the property owner, customer or user has this remedy to correct any defective meter; there shall be no refund of previous water charges. The District may estimate charges due for water service where it determines accurate meter reading have not been obtained; such consumption will be reasonably based on previous accurate meter readings, subsequent meter readings, or other records and information in order to determine consumption as close as is reasonably practicable.

4.2.6 PRESSURE REDUCING VALVE. A pressure reducing valve may be installed by the property owner or customer, at his discretion, in all service lines to protect the residence's plumbing system from any fluctuating water main delivery pressures.

4.2.7 BACKFLOW PREVENTION DEVICE. A backflow prevention device, provided by the District, shall be installed in all new construction and when home renovations result in the relocation of water service line's entry to a dwelling. This device shall be installed in the service line near a point inside the dwelling where the service line enters the dwelling. The property owner, customer and user shall allow reasonable access for the installation of

such device. Failure to do so shall be grounds for termination of service, in addition to any other remedy the District may have.

4.2.8 AVAILABILITY OF SERVICE OR FACILITIES CHARGES. In addition to all other charges, fees, or other amounts the District may impose or assess, the District may assess availability of service fees or facilities charges subject to compliance with the requirements of the Colorado Special Districts Act.

ARTICLE V SERVICE

5.1 CONNECTION REQUIRED. All improvements requiring water service shall use the water system for their sole source of water. The drilling or use of any private water wells within the District is specifically prohibited.

5.2 PROVISION OF SERVICE. Service will be furnished, subject to these Rules and Regulations and subject to charges and taxation by the District, to all property included within the District. The District shall have no duty to provide any service outside its legal boundaries.

5.3 APPLICATION FOR SERVICE. Prior to any action to connect to the system, written application for service must be filed with the District thirty (30) days previous to the desired hook-up date, on forms provided by the District. A connection to the system may be made only following authorized written approval of the application, and the payment of appropriate fees, and shall be subject to the connection procedures set forth herein. The applicant shall furnish accurate and truthful information in response to the application. Tap fees shall be as set forth in the District's current rate schedule. The District's written approval of an application shall constitute a binding contractual agreement between the District and customer, property owner, and user as contemplated by Section 1.8. Each person of full legal age who resides at the applicable premises will be deemed to have received the benefit of water service supplied and shall be liable to the District for payment, whether or not service is listed in that person's name. While the customer, property owner, user, and other persons of full legal age described above are jointly and severally liable to the District for payment, in the event the subject property is being used or rented, in whole or part, by or to tenant(s) or other person(s) other than the property owner(s), the District reserves the right to require the application be made and/or the account placed, listed, or transferred in or to the name of the property owner(s) and the District, at its discretion, may, but shall not be required to, exclusively send all bills, invoices, and charges to such property owner(s). If the application is required to be made and/or the account placed, listed, or transferred in or to the name of the property owner(s), the customer, property owner, user, and other persons of full legal age described above shall remain jointly and severally liable to the District for payment.

5.4 ADDITIONAL TAP INFORMATION REQUIRED. All information requested on the tap application form must be completed. In addition, a diagram of the water meter location and arrangement, the location of the remote reading a diagram of the Property Shut-Off Valve location and a site plan or improvement plan shall accompany the tap permit application. A building permit shall accompany the tap permit application for new construction.

5.5 DENIAL OF APPLICATION. The District reserves the right to deny application for service when, in the sole opinion of the Board, (1) the service applied for would create an excessive demand on the water facilities, (2) unresolved obligations exist between the District and the applicant or the previous customer at the premises, (3) the applicant has violated these Rules and Regulations, or (4) for any other reason as reasonably determined by the Board.

5.6 DISCONNECTION. The District shall disconnect the service line of the premises from the main line upon request of the appropriate property owner, customer, or user. The District may charge a disconnection fee and hold the appropriate property owner, customer and user responsible for all costs of such disconnection.

5.7 FAILURE TO USE SERVICE LINE. If a previously used service line is not used for a continuous period of one year or more, the District may shut off the service at the appropriate property owner, customer, or user's expense. If a previously used service line is not used for a continuous period of five years or more the service line shall be deemed abandon, unless the District and the appropriate property owner, customer, or user agree in writing to a different arrangement. The obligation of the District to serve the premises shall end upon abandonment and shall not rise again except upon reapplication in accordance with all rules, regulations, and procedures then in effect and the payment of all fees due at the time of reapplication as if it was a new service connection.

5.8 CONNECTIONS AND FEES

5.8.1 UNAUTHORIZED CONNECTIONS. No person shall be allowed to connect to the water system without payment of tap fees, approval of application for service, and compliance with these Rules and Regulations. Any such use shall be deemed an unauthorized connection. It is unlawful for any person receiving service from the District to take or use water from the water system except as authorized herein. It is unlawful to take water from any fire hydrant, pipe, or hose except for the extinguishment of fires by duly authorized persons.

5.8.2 FEES AND PENALTIES. Upon the discovery of any unauthorized connection, the District may elect to discontinue service and assess damages, or the District may approve service subject to these Rules and Regulations. In the event the District elects to approve service, it shall send written notice to the owner of the property benefited by such connection or the appropriate customer or user, stating that an unauthorized connection has been made and that the current tap fee shall become immediately due and payable, and the customer shall automatically be assessed an additional unauthorized connection fee equal to

the then-current tap fee per equivalent dwelling unit and damages toward the District's costs associated with such unauthorized connection. The customer or owner shall then have twenty (20) days from the date the notice is mailed to pay such tap fee and damages. The amount due shall become a perpetual lien on the property until paid in full, and the District may take those steps authorized by these Rules and Regulations and Colorado law regarding the collection of said fees.

5.9 TERMINATION OF SERVICE. In the event of termination of service for nonpayment of any valid fees or charges owed to the District, or for any other violation of these Rules and Regulations, the applicable property owner customer, and user shall be assessed an availability of service charge or minimum monthly fee. No service disconnected for nonpayment shall be reinstated until all delinquent assessments have been paid in full, including, but not limited to all such service charges, all fees and charges due pursuant to the Rules and Regulations, interest, late fees, attorney's fees, and miscellaneous fees directly associated with termination of service.

5.10 REVOCAION OF TAP RIGHTS. Prior to actual connection to the water system, the right to connect to the District's system and receive services hereunder shall be revocable by the District upon nonpayment of any District fees owing to the District, or for any other violation of these Rules and Regulations. If the right to connect to the District's system is revoked, the property owner may reacquire such tap rights only by reapplying for service in accordance herewith, and after paying all fees due and owing the District and the existing tap fees charged by the District under these Rules and Regulations.

5.11 TEMPORARY SERVICE. In the sole discretion of the District, the District may issue permits for the temporary water service for use in connection with construction, alteration or repair of buildings, or similar activities requiring temporary water service. Such permits shall be issued on such terms and conditions, which are acceptable to the District, including those regarding the payment of any fees or charges, metering, and safety.

5.12 INITIATION AND CONTROL OF SERVICE

5.12.1 INITIATION OF SERVICE. The property owner shall schedule a mutually agreeable time for tapping of the main, inspection of the water service line installation, and water turn on with the Operator providing at least two business days prior notice. The actual connection to the main line shall be performed by the Operator as part of the tap fee paid by the customer. All connections shall be made under the supervision of the Operator and at the sole expense of the applicant. In no event shall the Operator provide service prior to the inspection and approval of the connection. The shut-off valve, curb valve and curb box shall be provided by the District as a part of the tap fee and installed to District specifications at the owner's expense. No connection shall be covered until inspected and approved by the Operator. The applicant/owner shall be solely responsible to adequately prepare for any initiation of service. If a contractor and/or owner fails to excavate and execute the tap at the scheduled time and date, or fails to properly initiate the service, they shall pay to the District an hourly charge per the District rate and charge schedule for the additional trips made and time

spent by the Operator. The District shall bear no responsibility for any damage or injuries resulting from such initiation of service. Further, the District shall not be subject to any liability for any deficiency in the installation, which is not discovered by inspection, nor shall the property owner, customer, or user be absolved from any liability for the deficiency and any resulting damage.

5.12.2 CONTROL OF SHUT-OFF VALVE. Once connected to the District's water system, only District personnel shall perform all "turn-ons" and "turn-offs" of water service through a Property Shut-Off Valve on a service line. The District may assess "turn-on"/"turn-off" charges per the District's rate and charge schedule, except when initial service is provided.

ARTICLE VI CONSTRUCTION OF SERVICE LINES

6.1 COMPLIANCE WITH RULES AND REGULATIONS. In addition to any other applicable laws, statutes, ordinances, rules, regulations, standards or orders, the requirements of these Rules and Regulations and the Teller County plumbing code are applicable to the construction of all service lines and shall be complied with by all property owners, customers, and users.

6.2 SEPARATE SERVICE LINES REQUIRED. Every residence shall have no less than one separate and independent service line installed at the expense of the property owner, customer, or user. The property owner, customer, or user shall provide a separate and independent service line for each structurally independent building which receives service or desires to receive service, regardless of whether or not they are on a single platted lot or under common ownership, unless the District determined in its sole discretion that other means are acceptable.

6.3 CONSTRUCTION AND CONNECTION

6.3.1 CONSTRUCTION. Property owners in accordance with these Rules and Regulations shall construct service lines. Service lines not exceeding a length of 300 feet shall be a minimum size of three-fourths inch (3/4") ID pipe, type K soft copper, and shall be installed at a minimum depth of seven feet (7') below ground level. If the service line is over 300 feet, the entire service line will be one-inch (1") ID pipe, type K soft copper. Property shut off valve shall be used as supplied by the District as part of the tap fee. The curb valve shall be installed immediately inside the owner's property line in an easily accessible location protected from frost. The standpipe shall be installed at (flush) or above ground level. All contractors, plumbers, and others doing work on or related to any main, service line, or structure in the District shall be licensed and comply with applicable County and State codes, regulations, and statutes. All permits, fees, and licenses shall be paid for by the contractor, plumber, or others doing work in the District prior to the start of construction. As provided in Section 3.5 of these Rules and Regulations, a District approved tracer line, which meets the District's specifications, is required on all Service Line installations, repairs, and replacements.

6.3.2 EXCAVATIONS. The contractor shall be required to contact the District office prior to beginning any excavation work in order to (1) determine the approximate location of the main line, and (2) obtain the written permission of the District to excavate the water main (on forms supplied by the District). All excavations for service installation shall be adequately guarded with barricades and lights so as to protect the public from hazard. Streets, sidewalks, parkways, and other public or private property disturbed in the course of the work shall be excavated, backfilled, compacted, and otherwise restored by the excavator, at the expense of the owner or excavator, in a manner satisfactory to the District and in compliance with regulations of the Teller County Road and Bridge Department. All inspection fees required by any governmental agency, including the District, shall be paid by the plumber, contractor, or others doing work in the District.

6.3.3 PROPERTY OWNER'S LIABILITY FOR AGENTS AND CONTRACTORS. Property owners, customers and users shall be fully responsible for any and all damages caused by their agents, contractors, and all subcontractors, or other noncompliance with these Rules and Regulations.

6.3.4 INSURANCE. All contractors performing work on or related to the water system shall be licensed by Teller County in their field and provide an original Certificate of General Liability insurance to the District prior to the performance of any work. Such certificate of insurance shall be required to evidence insurance, which the District determines to be reasonable in amount and coverage.

6.3.5 SERVICE LINE INSPECTION. All service lines shall be inspected and approved by the Operator prior to back-filling the ditch. The property owner or his contractor shall contact the District to schedule an open ditch inspection of all service lines not less than two business days prior to the date the inspection is required. Following satisfactory inspection, the connection shall be made to the main line. If any service line is backfilled without the Operator's inspection and approval of the line, the Operator may require the customer to re-excavate the line so that the appropriate inspection and approval may be made. In such event, the property owner shall pay to the District an hourly charge per the District's rate and charge schedule for the additional trips made and time spent by the Operator.

6.3.6 PROPERTY SHUT-OFF VALVE. As provided in these Rules and Regulations, the customer and/or applicable property owner, are responsible to ensure the Property Shut-Off Valve is working properly, including but not limited to ensuring for the proper construction, maintenance, repair, and replacement, of the same. Without abrogating the responsibility of the customer and/or applicable property owner, if the District notifies the customer and/or applicable property owner that the Property Shut-Off Valve is not properly functioning, or cannot be located, the customer and/or applicable property owner shall construct, maintain, repair, and/or replace the Property Shut-Off Valve, as required by the District. In the event the customer and/or applicable property owner fails to accomplish the same within the time prescribed by the District, the District may, at its discretion, perform such work regarding the Property Shut-Off Valve and the property owner, customer, or user shall be held responsible for all costs associated with said work.

ARTICLE VII
RATES AND CHARGES

7.1 GENERAL. All charges of whatever nature to be levied for the provision of water service shall be governed by these Rules and Regulations. The Board may review the rates, charges, and fees to be charged by the District at any time. The new rates charges, and fees shall be effective May 15th of each year, or at such other time as the District may determine. These rates, fees and charges shall remain in effect until modified by the Board under the provisions of these Rules and Regulations, and under any applicable statutes of the State of Colorado. Nothing contained herein shall limit the Board from modifying rates, changes, and fees, or from modifying any classification used for establishing such rates and charges.

7.2 WATER RATES SUBCOMMITTEE. The District Board may yearly appoint a Water Rates Subcommittee to advise the District Board on changes to the water rates, fees and charges. The Water Rates Subcommittee will consist of one District Board member and three property owners of the District. The Water Rates Subcommittee is charged with reviewing the existing District water rates, fees, charges and future District needs and recommending changes to the water rates, fees and charges to the District Board. The Board or the Water Rates Subcommittee, if specifically authorized by the Board, may hire such consultants as necessary to advise it concerning such rates.

7.3 WATER CHARGE. Water charges shall be as reflected in the schedule of fees and charges, copies of which are maintained by the District. In addition to any other charges, fees, or other amounts provided for in these Rules and Regulations, Water charges shall begin with physical connection to the water main and will continue even if service is shut off.

7.4 TAP FEE. A tap fee shall be charged to all persons connecting to the water system. Such fee shall represent such person's proportionate share of the system cost. It shall be assessed and paid before the permit for service is issued. Tap fees shall be assessed as provided for in the schedule of fees and charges maintained by the District. Tap fees may be prepaid, and tap permits issued, any time after a building permit is obtained. Tap fees shall be in addition to any charges fees or amounts imposed by these Rules and Regulations, including, but not limited to any amounts due for the construction or extension of water mains.

7.5 PAYMENT OF SERVICE CHARGES

7.5.1 BILLING. All monthly water charges shall be billed in arrears, following reading of meters. The District employs a radio telemetry device, herein also referred to as a "remote reader" that read water meters daily and send the reading to a receiver. The telemetry device is attached to each water meter. The property owner, customer or user shall not move this device. In all events, the proper property owner, customer, or user shall be finally liable and personally responsible for payment of all bills.

7.5.2 METER READING. The District will use meter readings to calculate consumer billings.

7.5.3 PAYMENT. Bills for water used shall be sent monthly at the beginning of the month with payment due by the 20th day of that month for the previous month's service. The property owner, customer, and user are personally responsible for paying all water bills and providing the District with his or her correct billing address. Payment by personal check is authorized. A returned check fee, as determined by the Board, shall be assessed against the account of any customer whose check is returned for insufficient funds. The District, in its discretion, may require payment by certified funds. The property owner, customer, or user shall be jointly and severally liable for all charges imposed by these Rules and Regulations.

7.6 BILLING DISPUTES

7.6.1 WRITTEN NOTICE. If a property owner, customer, or user believes a billing statement is in error, such property owner customer, or user must provide written notice to the District of the alleged error, and the matter may be handled as an agenda item at the next public meeting of the District.

7.6.2 DETERMINATION. The determination by the Board regarding the re-submittal or revision of the statement shall be final. Following review by the Board, the District will resubmit and/or revise the disputed statement. Payment shall be due no later than ten (10) days from the billing date of the resubmitted statement.

7.7 NONPAYMENT

7.7.1 PENALTY. If the property owner, customer, or user becomes delinquent in payment of any charges due the District, the District shall assess an interest charge of one percent (1%) per month on the unpaid balance, plus a late fee as determined by the Board in its schedule of rates, fees, and charges.

7.7.2 TERMINATION OF SERVICE. The District shall have the right, in its sole discretion, to terminate service to any property owner who is more than thirty (30) days delinquent in payment for any services, and after ten (10) days' notice of discontinuance has been provided to the property owner by regular U.S. mail at his last known address, and a seventy two (72) hour notice of termination for nonpayment has been posted at the property served. The customer, property owner, or user will be charged a Post Notice Fee to recover the cost of posting the notice as provided in the District's Schedule of Rates and Charges. If the Property Shut-Off Valve cannot be located, was never installed, is in need or repair, or if it is not made available to shut off the water supply, the District may at its discretion, excavate a portion of the service line to install a shutoff valve or repair or replace the Property Shut-Off Valve, as the case may be, and the property owner, customer, or user shall be held responsible for all costs associated with said excavation and installation or repair and replacement. The District may also terminate service for any violation of these Rules and Regulations or where termination of service is contemplated by these Rules and Regulations. The District will provide ten (10) days prior written notice to terminate service, unless an unsafe condition exists or immediate threat to persons and property exists, in which case service may be terminated immediately. If the water is shut off from any property, and any person,

including but not limited to the owner-occupant, turns the water back on or causes the water to be turned on without permission, the District may cause the service lines to such premises to be disconnected at the expense of the property owner, customer, or user, and appropriate legal action may be instituted for such wrongful conduct in violation of the Rules and Regulations. Any notice to terminate service by the District shall advise of the following: (1) The date service will be terminated; (2) a statement describing the Rules and Regulation(s) being violated, or other law being violated; (3) where applicable, a statement that termination may be avoided by correction of the violation; and, (4) a description of the District's hearing procedure should the customer desire to dispute the termination.

7.7.3 COSTS ASSESSED. If a property owner, customer, or user becomes delinquent in his/her account, he shall be responsible for all costs and expenses incurred in the collection of said account, including costs of collection and reasonable attorneys' fees.

7.7.4 RENEWAL OF SERVICE. After termination of service for nonpayment, the service shall be renewed only upon payment in full of all charges, fees, interest, penalties, costs, and expenses due the District in certified funds or cash. The District shall have up to twenty-four (24) hours after payment is received by the District to re-institute service or such additional reasonable time as the circumstances may permit. The District shall charge the customer, property owner or user a fee to renew the service as established by its schedule of fees and charges.

7.7.5 PERPETUAL LIEN. All fees, rates, tolls, penalties, or charges shall constitute a perpetual lien on and against the property served, and any such lien may be foreclosed in the same manner as provided by the laws of this State for the foreclosure of mechanics liens, or may be certified to the Teller County Treasurer for collection pursuant to the provisions of the Colorado Revised Statutes. These remedies are cumulative of one another and cumulative with respect to all the District's rights as may be provided for pursuant to law.

7.8 FORECLOSURE AND ATTORNEY'S FEES. The District may file a notice of lien to evidence its claim and may initiate proceedings to foreclose its perpetual lien for all fees, rates, tolls, penalties, and charges due the District. In such event, the party being foreclosed upon shall pay any and all costs and expenses incurred in connection with said foreclosure proceedings, including but not limited to reasonable attorneys' fees and any expert witness fees. In no event shall payment made by the property owner prior to the foreclosure sale be required to be accepted without full payment of all attorneys' fees and any and all other costs and expenses relating to the foreclosure.

7.9 CERTIFICATION OF AMOUNTS TO COUNTY TREASURER. In addition to any other means of collection, delinquent fees, rates, tolls, penalties, charges, or assessments made or levied solely for water or water services may be certified by the District to the Teller County Treasurer for collection in the same manner as property taxes. In such event, the District shall assess a penalty, also to be certified, in an amount sufficient to cover the administration costs of the collection plus any other collection costs and expenses, including

reasonable attorneys' fees.

ARTICLE VIII
DISPUTE RESOLUTION

8.1 DISPUTE RESOLUTION BY THE BOARD. Upon request of a complaining party, any dispute regarding the interpretation, construction, application, or enforcement of these Rules or Regulations shall be heard by the Board at a public meeting of the Board.

8.2 TERMINATION HEARING. If any person with standing desires to contest a termination of service, such person must request a hearing in writing within seven (7) days of service upon them of a notice to terminate service. Such notice to terminate service by the District shall be deemed served upon deposit in the U.S. mail, certified, return receipt requested. Such request for hearing must actually be received by the District within such seven (7) days. The Board will schedule the hearing within (10) days of receiving such notice. Requesting a hearing will not result in continuation of service pending the hearing unless a bond in the amount specified by the District is provided or the disputed amount is paid under protest or a reservation of rights. In the event a Bond is posted or the funds paid, a hearing must be requested or the bond and/or funds shall be forfeited or applied by the Board to the account without recourse after the lapse of ten (10) days from the date service is discontinued or scheduled to be discontinued, whichever is earlier. If after hearing the District determines such amount is due the bond and/or funds shall be immediately forfeited. The District may preside over the hearing or the Board may appoint a hearing officer in its discretion.

If someone is in particular contesting termination of utility service, pursuant to case law you are required to give them a hearing, prior to termination of service. You can however, make them post a bond or make payment under protest.

Revised 01/15/2019

**SCHEDULE OF FEES AND CHARGES
2019**

<u>Items</u>	<u>Fees and Charges</u>
Water Fee	
Payable on/before the 20 th Day of Each Month	
-Basic Service Fee ⁽¹⁾	\$41
-Every 1000 gallons	\$11 per every 1000 gallons
 Sewer Charges	
Payable On/Before the 20 th Day of Each Month ⁽¹⁾	\$36
 Loan Repayment (formerly known as Capital Improvement) Fee	
Payable On/Before the 20 th of Each Month ⁽¹⁾	\$36
 Late Fees & Interest Charges	
Water & Sewer Customer	\$17
Water Customer	\$11
Sewer Customer	\$6
plus 1% of amount delinquent over 60 days	
 New or (Transfer) Account Fee for Water &/or Sewer	\$34
 Returned Check Fee	\$45 + bank charges
 Water Shutoff or Turn On at Owner's Request	No Charge
 Post Notice Fee for Pending Shutoff	1/2 hour Actual billable Operator time
 Water Shutoff for nonpayment	\$89
 Water Turn On after account is made current	\$89
 Meter Testing Fee and Charges	Actual 3 rd party costs + min. 2 hours Actual billable Operator time
 Water Leak Loss Rate	\$11 per 1000 gallons
 Private service line leak/supervision services	Actual billable Operator time
 Operator Reinspection Fee	Min. 2 hours Actual billable Operator time
 Water or Sewer Tap Application Fee ⁽²⁾	\$89 (not refundable)
 Residential ¾ or 1" Water Tap Fee	\$14,500
 Sewer Tap Fee	\$7,500

Violation

up to \$1,000

(1) As provided for under Title 32 (C.R.S. 32-4-522) this fee represents a commitment by the District to provide service and shall be charged for all properties which have service installed, whether service is turned off voluntarily or involuntarily and such readiness to serve fee shall be incurred monthly and shall be equal to the minimum monthly or fixed monthly charge for the applicable service(s), along with any capital development fees.

(2) An Application is valid for a period of one year during which time the prevailing tap fee at the time of the application is made will remain enforced.

Approved 12/31/2018