

RULES AND REGULATIONS FOR WATER SERVICE

DEER CREEK WATER DISTRICT

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ARTICLE I – GENERAL

1.1 Purpose

The purpose of these Rules and Regulations is to provide a comprehensive guide for the administration and operation of all water facilities which are owned and operated by the Deer Creek Water District (the “District”). Compliance with these Rules and Regulations is the responsibility of all persons utilizing, extending, modifying or maintaining the District’s water system.

1.2 Authority

The District is a governmental subdivision of the State of Colorado and a corporate body with the powers of a quasi-municipal corporation. These powers are specifically granted for carrying out the objectives and purposes of the District as stated in its Bylaws.

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 residents of the District.

All Customers of the District are bound by these Rules and Regulations as a matter of contract for which there is good and valuable consideration.

1.4 Scope

These Rules and Regulations shall be effective for the District when approved by the Board of Directors, are the comprehensive regulations which govern the operations and functions of the District, and supersede all prior publications of the Rules and Regulations of the District. These Rules and Regulations do not nullify any District policies, whether adopted by resolution of the Board of Directors or otherwise, except to the extent such policies conflict herewith.

1.5 Intent of Rules and Regulations

These Rules and Regulations shall be liberally construed to effect the general purpose set forth herein, and each and every part is separate and distinct from all other parts. No omission or additional material in these Rules and Regulations

shall be construed as an alteration; waiver; deviation; limitation, or restriction from any grant of power, duty, or responsibility imposed or conferred upon the Board of Directors by virtue of statutes now existing. Nothing contained herein shall be construed as prejudice or affect the right of the District to secure the full benefit and protection of 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 through the Board of Directors shall retain the power to amend these Rules and Regulations, with respect to the District, to reflect those changes determined to be necessary by the Board of Directors of the District. Prior public notice of these amendments shall not be required by the District when exercising its amendment powers pursuant to this Section.

1.7 Waiver, Suspension, or Modification of Rules

The Board of Directors, or a designee, acting on instructions of the Board, shall have the sole authority to waive, suspend, or modify these Rules and Regulations. Any such waiver, suspension, or modification must be in writing authorizing the specific action. Such waiver, suspension or modification is an exception to the Rules and Regulations for the specific instance and shall not be construed as continuing for future instances. Waivers, suspensions, or modifications are not deemed an amendment of the Rules and Regulations.

1.8 Inclusion in Contract

These Rules and Regulations are automatically incorporated into every contract, written or oral, for service with the District whether expressly referenced or not, to the extent they are not inconsistent with the contract for service.

1.9 Revocation of Service

The District reserves the right to temporarily discontinue service to any property, at any time, for any reason deemed necessary or appropriate. 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 in these Rules and Regulations.

1.10 Authority to Inspect

Authorized representatives of the District, upon presentation of a work order and identification, shall be permitted to enter upon all properties at all reasonable times for the purpose of inspection, observation, measurement, sampling, testing, and

inspection of records of the water system, in accordance with the provisions of these Rules and Regulations. Failure to permit such inspections, observations, measurements, samplings, testing, and/or inspection of records upon the request, in writing, of the Board, or its authorized designee, may result in a finding that permission is being denied to avoid discovery of a violation. Such finding may result in the disconnection of service to the property occupied by the party failing to permit the desired access, or other remedies as allowed under these regulations, subject to the hearing and appeal procedures set forth in Article IX.

1.11 Violators Fined

Unless otherwise specified elsewhere, any person violating any of the provisions of these Rules and Regulations shall become liable to the District for payment of a penalty of up to \$1,000 plus any expense, loss, or damage including attorney fees for enforcement action, occasioned by reason of such violation. If any person causes damage to the District's Water System by misuse, negligence, or other action on his/her part, that person shall be liable for the cost of repair including any study, investigation, or consultant fees incurred. Such costs shall constitute a perpetual lien upon the violator's property as allowed by Colorado law.

1.12 Severability

In the event any of the terms or provisions of these Rules and Regulations shall be held invalid as to any person, property, or circumstance by any court having competent jurisdiction, the remainder of these Rules and Regulations and the application in effect of their terms and provisions to such persons, property, or circumstances shall not be affected thereby.

ARTICLE II - DEFINITIONS

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

2.1 Accommodation Unit

“Accommodation Unit” is one habitable room intended primarily for sleeping purposes, without a cooking facility, but with private access to a central corridor or the outside. Examples of an accommodation unit include but are not limited to a hotel room, hotel suite, hostel room, bed and breakfast room, or a lock-off without a cooking facility. An Accommodation Unit is equal to 0.35 SFE.

2.2 Affordable Housing

“Affordable Housing” is a housing unit subject to a perpetual deed restriction satisfactory to the District, enforced by a public entity acceptable to the District, which restricts rents or resale prices to maintain affordability, and restricts occupancy or ownership to persons employed full time in Elbert County.

2.3 Attic

“Attic” is an unheated, uninhabitable air space between the ceiling of a room and the roof of a structure.

2.4 Basement

The lowest area within a structure, either partially or entirely below finish grade with a finished floor, and intended for continuous habitation.

2.5 Billing Account Setup

The process of adding a new customer and their associated personal and water service information to the District accounting and billing system software database. This information is needed to monitor their water usage and prepare their monthly bills.

2.6 Board

“Board” and “Board of Directors” are the elected or appointed Board of Directors of the District who has responsibility for policy and management oversight of the District’s Water System.

2.7 Circulation Space

“Circulation Space” is that space in a multi-unit or mixed-use facility that provides ingress and egress to residential units located in the facility. Examples of Circulation Space are hallways, stairways, and elevators not located within Residential Units, Accommodation Units, or Efficiency Units. Where Circulation Space passes through an entryway or lobby, such space shall be deemed to be a corridor no more than ten (10) feet in width, or the width of any hallway such corridor leads to, except where a greater width is required for ingress and egress by a building or fire code.

2.8 Commercial and/or Industrial Unit

“Commercial and/or Industrial Unit” is any structure or facility that is used to engage in a business, commerce, manufacturing, marketing, and/or sale of products and services of any kind.

2.9 Connect/Disconnect

Describes the actual physical process of turning valves on and off and/or adding or removing District connection devices to provide or revoke service for a district customer.

2.10 Contractor

“Contractor” is any person, firm, or corporation licensed or permitted to perform work and to furnish materials within and for the District.

2.11 Cooking Facility

“Cooking Facility” is an arrangement within a residential unit which provides, but is not limited to, the following features: refrigeration capability; hot plate, electrical frying pan, toaster oven, crock pot, counter top burners, stove or microwave; and facilities for washing and cleaning.

2.12 Crawl Space

“Crawl Space” is any area contained and covered by a structure that has a dirt or gravel floor and is not intended for continuous habitation.

2.13 Curb Stop

A curb stop is the physical connection point of the District's water line to the Customer's service line.

2.14 Customer

"Customer" is any person or entity owning property within the District and authorized to connect to and use the District's Water System. "Customer" also is any property owner who applies to the District for a service connection or other such service agreement, or who attempts to have real property included within or excluded from the District, as the case may be.

2.15 District

"District" is the Deer Creek Water District.

2.16 District Engineer

"District Engineer" is the person or firm that has been authorized by the District to perform engineering services for the District.

2.17 Efficiency or Studio Unit

"Efficiency" or "Studio Unit" is a Residential Unit having one room with an integral cooking facility and one bathroom. An Efficiency Unit is equal to 0.50 SFE.

2.18 Existing Residential Unit

An "Existing Residential Unit" is a Residential Unit in existence prior to January 1, 1987.

2.19 Floor Area

"Floor Area" is used in determining Residential Tap Fee and means that gross square foot measurement including the outside walls, unfinished areas, mechanical rooms, and basements over five (5) feet in height, excluding garages, attics and, in a multi-unit or mixed-use facility, Circulation Space.

2.20 Inspector

"Inspector" is a person or persons who, under the direction of the Board, or its authorized designee, shall inspect all Water System service connections, mains and appurtenances, service joints and bedding, installations of and repairs to meters, construction of and repairs to the Water System and facilities of the District, and Users and Industrial Users to ensure compliance with these Rules and Regulations and the District's construction standards.

2.21 Mixed-Use Facility

A “Mixed-Use Facility” is a structure containing one or more Residential Units, Accommodation Units, or Efficiency Units and one or more Commercial Units.

2.22 Multi-Unit Facility

A “Multi-Unit Facility” is a structure containing two or more Residential Units, Accommodation Units, or Efficiency Units.

2.23 Permission to Connect

“Permission to Connect” is the written permission to connect to or to enlarge the connection to the Water System of the District pursuant to these Rules and Regulations. Permission may be granted by the Board, or its authorized designee.

2.24 Plant Investment Fee

See “Tap Fee”.

2.25 Private Main

“Private Main” is any collection main, or any water distribution main that is connected to the District system but not accepted for District ownership, operation, maintenance or repair. Generally, such an installation is designated as private because: (a) it does not conform to the specifications as enumerated in these Rules and Regulations and the District’s construction standards; (b) it is not in the best interest of the District to accept the main because of special and/or mitigating circumstances; or (c) legal title to the main cannot be transferred free and clear to the District.

2.26 Residential Unit

“Residential Unit” is one or more contiguous, habitable rooms designed, arranged, occupied, or intended to be occupied by one or more individuals living together as a household or one family. A Residential Unit has facilities for living, cooking, sleeping, or bathing, and is generally configured to provide an independent access. If areas within a structure or house are designed or arranged with the capability for occupancy that is independent of the rest of the household, that area is classified as a separate Residential Unit. Other features that also may indicate Residential Unit are private telephone line, separate cable TV, lease contract, and unrelated third-party occupancy. Examples of a Residential Unit are: single family homes, condominiums, townhouses, duplexes, multiplexes, apartments, efficiencies, studio units, lock-offs, mobile homes, etc.

2.27 Rules and Regulations

“Rules and Regulations” are the formal rules and regulations of the District which state the policy and procedures by which the Water System is operated. Rules and Regulations also include all amendments and policies as set forth in the District minutes and resolutions.

2.28 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.

2.29 Single Family Equivalent

“Single Family Equivalent” (SFE) is a generic Residential Unit used to describe Customer impact, whether residential or commercial, on the Water System. .

2.30 Stub Out

“Stub out” is a connection device or line which is connected to the Water System and which is intended to facilitate the connection of service to the Water System, either directly to the District’s main or indirectly through a Private Main. A stub out extends only from the main to the property line and/or to the Tap/Meter Pit.

2.31 Tap/Meter Pit

A “Tap” or “Meter Pit” is the point of connection of a privately-owned water service to the Water System, either directly to a stub out or at the curb stop valve or main, or indirectly through a Private Main.

2.32 Tap Fee

“Tap Fee” or “Plant Investment Fee” is the payment to the District for recovery of costs associated with major components and/or operations of the Water System. The Tap Fee assessment is based on the particular use of the facility being connected. See Appendix A for associated rates and charges.

2.33 Variance

A “variance” is the written authorization from the District or District staff to act in a manner not in strict compliance with District Rules and Regulations, specifications, or policies. A variance may be granted at the sole discretion of the District on the basis of undue hardship, or otherwise, not self-imposed.

2.34 Water Service / Connection

A “Water Service” or “Water Connection” is any pipe or conduit used or to be used to provide water service from a water main or stub out to a structure whether the pipe or conduit is connected or not. A water service is owned and maintained by the District from the tap on the District water main to the property line, edge of easement, or curb stop valve, whichever is closer to the water main. A water service tapped onto a Private Main shall remain property of the Customer. The water service from the curb stop valve or Tap/Meter Pit into the structure is owned and maintained by the Customer. Water services constructed by the Customer shall be in accordance with these Rules and Regulations.

2.35 Water Main

“Water Main” is any distribution or transmission main used as a conduit for water in the District’s Water System and is owned and maintained by the District. A water main shall be sized and constructed in accordance with District specifications.

2.36 Water Meter

“Water Meter” is defined as all components between the amended or flanged ends of the meter body. Gaskets and fittings are not considered part of a water meter.

2.37 Water System

“Water System” is any network of water distribution or transmission mains, storage tanks and reservoirs, water treatment facilities, appurtenances, accessories, or portion thereof owned and maintained by the District.

2.38 Any Other Term

Any other term not herein defined shall be as defined as typically used in the water utility industry by the American Water Works Association (AWWA), the Water Environment Federation (WEF) and the U.S. Environmental Protection Agency (USEPA). The use of singular may also refer to plural. The use of the masculine gender includes the feminine or neuter gender.

ARTICLE III - LIABILITY AND OWNERSHIP

3.1 Liability of District

The District is subject to and avails itself of the provisions contained within the Colorado Governmental Immunity Act, which provisions cannot be waived in whole or in part without the express approval of the District's Board of Directors. In addition, the District shall not be liable or responsible for inadequate treatment or interruption of service brought about by any circumstances.

3.2 Conditions Not Actionable

The District is not liable for claims of damage by reason of any of the following: damaged and/or missing manhole covers; damage caused by smoke testing of lines; breakage of mains; damaged and/or missing valve box covers; interruption of water service and the conditions resulting therefrom including without limitation any actual, incidental or consequential damages; damage from the breaking of any service or collection main, pipe, cock, or meter; failure of the water supply; shutting off or turning on Water Service; installation of Water System connections or extensions; damage caused by water running or escaping from open or defective faucets; burst service lines or breakage of other facilities not owned by the District; damage to water heaters, boilers, or other appliances resulting from shutting off or turning on water service, or from inadequate, excessive, or sporadic pressures; or from doing anything to the District's Water System deemed necessary by the Board of Directors or its agents.

3.3 Responsibility for Notification

The District has no responsibility to notify Customers of any occurrence of the foregoing conditions.

3.4 Ownership of Facilities

All existing mains and treatment works connected with and forming an integral part of the Water System are the property of the District, unless a specific legal contract with Customer provides otherwise. Ownership will remain valid whether the mains and treatment works were constructed, financed, paid for, or otherwise acquired by the District or by private parties. Transfer of ownership of mains shall be in accordance with Article 6.3.5. The developer is responsible for correction of construction deficiencies within the two-year warranty period. Private Mains are exempt from these District ownership requirements.

3.4.1. Ownership of Water Services

The District owns and is responsible for the maintenance of the Water Service up to and including the curb stop valve, the Customer's property line or edge of easement, whichever is closer to the Water Main. The Customer is responsible for the maintenance of the remaining portion of the service serving the property. This principle of ownership shall not be changed by the fact that the District may construct, finance, pay for, repair, maintain, or otherwise affect the Customer's service.

3.4.2. Ownership of Water Meter

Each Water Meter shall become and is the property of the District. Ownership shall remain valid whether the meter is installed, financed, paid for, repaired, or maintained by another person or whether the meter is located on a privately owned and maintained service line.

3.4.3. Existence of Rights-of-Way and Easements

- (a) The District claims an easement for location of and access to all portions of the Water System, now or hereafter existing, on, over and in the lands on which the facilities are actually located, whether or not the facilities are located within a recorded easement or other right-of-way.
- (b) As a condition of service, each Customer and any other person otherwise receiving and accepting service from a Water Service connected to a main is deemed to have granted to the District a perpetual easement over the portion of the Customer's property on which any portion of the Water System is located, regardless of whether such facility is located within a recorded easement or other right-of-way.
- (c) As a condition of service, all Customers or any other person otherwise receiving and accepting service from a Water Service is deemed to have irrevocably consented to the location of any Water System facilities located on such person's property and shall be deemed to have waived any and all claims against the District, including without limitation any claim for trespass, nuisance, or eviction, and any remedies at law or in equity.
- (d) The rights provided hereunder shall include the right of the District to reasonably access such facilities for any District purpose, including without limitation for the purpose of inspecting,

monitoring, testing, constructing, installing, excavating, renovating, expanding, repairing, re-purposing, and replacing such facilities.

- (e) Any party contesting the District's rights hereunder shall not be granted any prospective right to encroach on District easements or other property and permission to maintain any ongoing encroachments on such party's property shall be revoked. Any other rights or privileges subject to the District's ongoing discretion shall similarly be revoked.
- (f) The provisions contained in this Section 3.4.3 are supplemental to and shall not be deemed to waive or modify any rights otherwise provided to the District.

3.5 Conditions of Ownership

The Customer's ownership of a Water Service shall not entitle the Customer to make unauthorized uses of the District's Water System or to make alterations to the Water Service or the Water System once connected to a District main. All uses or changes in use of the Water Service, any appurtenances thereto, or changes in use of the property served at any time after the initial connection to the District's Water System shall be subject to these Rules and Regulations.

ARTICLE IV – AUTHORIZATION TO CONNECT TO WATER SYSTEM

4.1 Service Areas

4.1.1. Service Within District Boundary

Water system service will be furnished in accordance with the District's Rules and Regulations to property included within and subject to the Rules and Regulations of and taxation by the District.

4.1.2. Including Property Into the District

Properties to be provided water service by the District must be included into the District boundaries. Property owners who desire service and whose property is both within and outside the District boundaries must include all of the property which is serviceable by the District's system. A formal request for inclusion within the District is made to the District, on its standard form, by the property owner, accompanied by a nonrefundable inclusion fee for legal and consultant fees and the estimated cost of processing the petition for inclusion. Any additional costs or legal and consultant fees that may be incurred by the District shall be assessed and paid by the applicant prior to approval of inclusion by the Board of Directors..

4.2 Water Dedication Requirements

Any request for water service for an area to be included into the District may be subject to the following water dedication requirements:

- Evidence acceptable to the District regarding the amount of water required by the proposed uses. Such evidence shall be provided by the property owner or applicant.
- Dedication of groundwater rights equal to 300-year supply for the need of the proposed uses.
- At the District's discretion, the District may accept payment of cash-in-lieu of such water rights at the current rate set by the District.

The applicant shall be responsible for any and all related costs of staff time, legal consultants, engineering consultants, and other expenses that may be incurred by the District resulting from the analysis of water rights and the physical water

facility needs of the new development. These costs are separate and distinct from any other fees and charges that may be applicable to the development. Prior to any review or analysis, the applicant shall deposit with the District an amount sufficient to reimburse the District for such costs with an initial deposit equal to the estimated cost of the review or analysis. Deposited amounts in excess of the costs incurred for the analysis will be refunded.

4.3 Treated Water Storage Requirements

It shall be the policy of the District to require an owner of property upon which new development or redevelopment is proposed, which is located within the District's service area, and which will require an increase in water use or new water use not allowed by existing taps or zoning, to provide treated water storage adequate to meet the needs of the proposed development.

4.4 Application for Service

4.4.1. Ability to Serve Letter

An Ability to Serve Letter for a new project, including a change in zoning, shall be issued only upon proof of inclusion into District boundaries, submission of review fee deposit as estimated by District staff, full payment of cash-in-lieu of water rights or water rights dedication, compliance with treated water storage requirements, and compliance with any other applicable policy adopted by the District. The finding of compliance with the necessary criteria and ultimate issuance of the Ability to Serve Letter shall be at the sole discretion of the District. Prior to issuance of the Ability to Serve Letter and full compliance with any other requirements of these Rules and Regulations, no connections shall be made to the District's Water System.

4.4.2. Tap Application--Information Required

Application for water, or a change in such service, must be furnished to the District and accompanied by appropriate fees (See Appendix B). All information requested on the tap application must be completed. A site plan or improvement plan showing the location of the structure relative to property lines, utility lines, curb stop valve box location, and all easements shall be provided for the tap application. A copy of the building permit and a copy of the structure floor plan shall be provided for the tap application. For commercial applications, the District will require an engineer's or architect's determination of the meter size necessary to serve the commercial and irrigation fixtures involved. The meter size is to be

determined by the fixture count assessment according to the International Plumbing Code.

4.4.3. Tap Application--Disputes

If a dispute arises between the District and the applicant regarding the calculation of Tap Fees or the nature and use of the structure as it applies to Appendix A, the dispute will be settled in accordance with Article IX.

4.4.4. Prepaid Tap Fees

Tap applications may be made and Tap Fees paid at any time in advance of connection, in which case the initiation of monthly service and volume charges shall be governed by Article 8.3.

4.4.5. Reassessment of Tap Fees

Should any information disclosed on the application prove at any time to be inaccurate, or should the applicant omit any information, the District shall have the right to: reassess the Tap Fee originally charged to the rate current at either the time of discovery by the District of the inaccurate or omitted information; disconnect the service in question; back-charge the property in question for Tap Fees and service fees that may be due and owed; and/or charge any other additional fee or penalty specified in these Rules and Regulations. Any reassessment, penalties, or other additional fees charged, with interest at the rate of 18 percent per annum or such greater amount as the District may lawfully assess on the entire balance upon and from the date of the original application, shall be due and payable immediately.

Should the metered water usage, or approved usage exceed the conditions upon which the original Tap Fees were paid, the District reserves the right to reassess the Tap Fees originally charged to the rate current at the time of discovery by the District.

4.4.6. Transfer of Tap Fees

Any approval of a request for a transfer of Tap Fees shall be at the sole discretion of the District. No Tap Fee paid on behalf of one property, or any portion thereof, may be transferred to any other property except under the following conditions:

- (a) The request to transfer a Tap Fee shall be made in writing.

- (b) The Customer requesting the transfer is the common Customer of the property for which the Tap Fee has been paid and the property to which the transfer of the Tap Fee, or portion thereof, is being requested. Both properties must be in the District.
- (c) The Customer requesting the transfer has no outstanding unpaid accounts with the District.
- (d) The property to which the Tap Fee initially applied has never been connected to the District's system.
- (e) The Customer requesting the transfer shall pay to the District the difference between the Tap Fee which would be charged on the date the transfer is requested for the property to which transfer is being sought, and the Tap Fee previously paid under the then effective Tap Fee schedule. In no event shall the District make a refund. In the event a Customer transfers only a portion of the total sum previously paid as a Tap Fee, the Customer shall retain a credit for any non-transferred portion of the previously paid Tap Fee.

4.4.7. No Connection or Service Prior to Payment of All Fees

All fees including, but not limited to, water Tap Fees, and treated water storage fees, shall be paid in full prior to connection to the District's Water System. A connection shall be made only by District personnel upon authorized approval of the permit and a receipt indicating payment of all fees. Connection to the Water System for construction water requires complete compliance with this subsection.

4.4.8. Unauthorized Connection and Fees

No person shall connect or effect to connect to the Water System or enlarge or otherwise change equipment, service, or use of property without issuance of a permit for service, payment in full of Tap Fees and other applicable charges, and required inspection of the tap by District personnel. Any such connection, enlargement, or change without payment of fees and charges, District approval, and inspection shall be deemed an unauthorized connection.

Upon the discovery of any unauthorized connection, the connection shall be removed, the Tap Fee and any accrued service charges shall be immediately due and payable, and the property shall automatically be additionally assessed an unauthorized connection fee equal to the applicable Tap Fee. The District shall provide written notice to the Customer benefiting from

such unauthorized connection stating that an unauthorized connection has been identified. The Customer shall have twenty (20) business days from the date of the notice to pay the applicable Tap Fee, any accrued service charges and the unauthorized connection fee. If full payment is not received by the District within twenty (20) business days, the District shall proceed in accordance with the provisions of Article 5.3.3.

4.5 Special Conditions

4.5.1. Fire Suppression Systems

If a fire suppression system is to be used, a plan of the system approved by the appropriate fire authority is to be submitted to the District along with the application. The fire suppression system and domestic water shall conform to State and local building codes. All fire suppression systems shall meet National Fire Protection Association (NFPA) requirements and additionally shall meet the requirements of all applicable municipal, county, and state building and fire protection codes. All fire suppression systems shall be protected from fluctuating water main pressures by means of a pressure-reducing valve. As dictated by the State of Colorado, all fire suppression systems shall be equipped with a backflow prevention device appropriate to the degree of hazard contained therein. See Article VII.

4.5.2. Irrigation Systems

If a lawn sprinkler or irrigation system is to be installed as part of the property development, this system may be independent of any commercial, domestic, or industrial uses. The connection of the lawn sprinkler or irrigation system may be inspected by the District prior to use. As required by state statute, all lawn irrigation systems must have a reduced pressure principle backflow prevention device installed on the system.

4.5.3. Winter Taps

During the winter months (October 15 to April 15), taps will be made at the District's sole discretion. The tap location shall be heated or protected from freezing.

4.6 Conditional Service

The District reserves the right to record a notice of conditional service against the property title where a condition(s) exists which is not in compliance with District Rules and Regulations, but water service to the property may continue. The notice may provide that as a condition of receiving service, these Rules and Regulations

require the Customer to indemnify and hold the District harmless for any damage resulting from existence of the condition. Examples are connection to private mains not owned or maintained by the District, lack of easements for access and maintenance, and construction not in accordance with District specifications.

4.7 Denial of Service

The District reserves the exclusive right to deny application for service when, in the opinion of the District, the service applied for would create an excessive seasonal or other demand on the facilities. Denial may also be based upon an unresolved obligation between the District and the applicant, inadequate documentation of easements for main lines serving the property, or any other reason as determined by the District.

4.8 Cancellation of Permit

The District reserves the right to revoke any prior approval of a permit before service has been provided, and the right to revoke service after it has commenced for any violation of these Rules and Regulations.

4.8.1. Revocation of Tap Rights

The right to connect to the District's system and to receive services under these Rules and Regulations shall be revoked by the District due to non payment of any fees owed to the District that remain unpaid for a period exceeding thirty (30) days, whether or not the Customer owning the right to connect has actually connected to the District's system. Such revocations shall be conducted in accordance with the procedures outlined in Article 5.3.3. If the right to connect to the District's system is revoked, the Customer may reacquire such tap rights by reapplying for service in accordance with Article 4.4. The reapplication will be considered only after payment of all fees due and owed the District and the current Tap Fees charged by the District under these Rules and Regulations.

ARTICLE V – USE OF THE WATER SYSTEM

5.1 Use of Systems-General District Responsibilities

Except as otherwise provided by these Rules and Regulations, the District is responsible for the operation and maintenance of the Water System in accordance with these Rules and Regulations.

5.2 Use of Systems-General Customer Responsibilities

Taps and service connections are approved for specific uses as stated on the water tap application. The Board, or its authorized designee, may request an inspection, in accordance with this section, to identify any unauthorized use for which the Customer may be subject to a fine in accordance with Article 5.3.

5.2.1. No Unauthorized Use

No person shall uncover, alter, disturb, make any connection with, make an opening into, or backfill prior to inspection the Water System without a written authorization from the District. Unauthorized uses of or tampering with the District's systems include, but are not limited to, change in Customer's equipment, service or use of property per Article 5.2.2; an unauthorized turn-on or turn-off of water service or a water main; burying valve boxes and/or manholes; unmetered water use; and modifying any water meter.

5.2.2. Expansion or Change in Use-Duty to Notify

The Customer shall notify the District prior to any expansion or addition to the service or any change in the use of the property served by the District, upon any change of ownership of said property, or upon any significant change in water use characteristics.

5.2.3. Authorization to Inspect

Any Customer believed to have changed equipment, service, or use of the property in violation of this section, shall be notified of same by the District, and shall be afforded twenty (20) business days from the date of the notice in which to respond to the District. Any response by the Customer shall permit the District to inspect the property as the District may deem necessary to establish clearly the nature of equipment, service

and use of the property. Failure to respond may result in the District discontinuing service to the property.

5.2.4. Suspension and/or Abandonment of Service

When a structure is moved or destroyed and/or the water service is suspended, the original tap authorization shall remain, provided that a written request is made to, and approved by the District prior to cessation of payment of monthly service charges.

When a service is abandoned permanently, the District shall valve off the Water Service at the main (corporation stop valve). Any and all associated credits for previously paid Tap Fees also shall be considered abandoned. Any related costs incurred by the District shall be charged to the Customer and, if not paid within twenty (20) business days of notice, a lien filed on the property. Requests for variance to this requirement will be considered on a case-by-case basis.

5.3 Use of Systems-Customer Penalties

5.3.1. Unauthorized Use-Recovery of Fees and Charges

Any unauthorized use of the Water System shall be paid for at the same rate as if that use had been authorized together with any costs incurred by the District in discovering and collecting for the unauthorized use. Such payments shall not in any way affect the right of the District to disconnect, suspend or revoke water service to any Customer for unauthorized use, to charge additional penalties or pursue such other remedies as may be authorized by law or approved by the Board of Directors of the District; nor shall it affect any criminal liability which may have attached by reason of such authorized use.

5.3.2. Unauthorized Use--Seals and Detection Devices

The District may require that seals be attached to any water using system in or about a Customer's premises in order to detect any unauthorized use of water from that system. If necessary, the District may also require that mechanical devices be attached to any water using system in or upon a Customer's premises in order to detect any unauthorized use of water from such system. Such mechanical devices may be inspected on behalf of the District at any reasonable time.

5.3.3. Revocation of Service

Service shall be revocable by the District when a Customer's account has an unpaid balance for two consecutive due dates. In the event of non-payment, the Customer shall be given until the due date of the next month to pay in full all valid fees and charges before the District disconnects service. If full payment is not received by the due date, service will be revoked by the end of the month. The Connect/Disconnect service fees are as set forth in Appendix A. The notice shall set forth:

- (a) The reason for the disconnection; and
- (b) The amount due; and
- (c) The due date; and
- (d) The shutoff date; and
- (e) That the Customer has the right to contact the District, and the manner in which the District may be contacted for the purpose of resolving the obligations.

In the event of disconnection, the Customer shall be responsible for any and all costs related to the disconnection in accordance with Article X, Appendix A herein.

The District may contact delinquent customers prior to disconnecting the service to assess the situation and request payment. This inquiry does not change the revocation of service process described in this paragraph.

Payment of all charges and fees is required in full prior to connection and/or re-connection of water service unless special arrangements have been approved by the Board of Directors.

5.3.4. Redetermination of Tap Fees

Following any District inspection, whether requested by the Customer or initiated by the District, the District shall make a determination as to any change in the Customer's equipment, service or use of the property. Any such change in use which, in the opinion of the District, will increase the burden placed on the District's Water System by the Customer shall require a redetermination of the associated Tap Fee and monthly service charge, and payment of such redetermined fees and charges by the Customer.

When an expansion or change in use occurs that results in additional fees due, a credit for the existing use shall be given. Tap Fees based on the current adopted schedule for the specific use as stated in the original permit shall be credited against the redetermined Tap Fee so that only the unpaid portion of any redetermined Tap Fee shall be due. However, if the redetermination results in a conclusion that the Tap Fee, if assessed currently, would be in an amount less than the original Tap Fee paid, the redetermined fee shall not result in a refund to the Customer.

If the District's decision is deemed unsatisfactory by the Customer, the Customer may present a complaint in accordance with Article IX, of these Rules and Regulations.

5.4 Tampering with Systems

5.4.1. Malicious Damage to System

No person shall maliciously, willfully, or negligently, break, damage, destroy, cover, uncover, deface, or tamper with any portion of the District's Water System.

5.4.2. Violators Prosecuted

Any person in violation of the provisions of Article 5.4.1 shall be assessed a fine of \$1,000 for each violation, and shall be prosecuted to the full extent of Colorado law for tampering or malicious damage to District property.

5.5 Use of Water System

5.5.1. Water Service--Customer Responsibility

Each Customer shall be responsible for all costs associated with the maintenance of the water service from the structure to the exterior of the meter pit. The Customer is responsible for burying the service line with sufficient cover to prevent freezing.

5.5.2. All Water Use Metered

All water use must be metered. Any unmetered use is considered to be unauthorized use, unless approved by the District.

5.5.3. Water Meter--General

All connections to the District's Water System shall include a water meter, and each water meter shall have a separate and independent service from

the water main. Meter size, type and manufacturer for all applications shall be determined by the District. The meter shall be located in the District Meter Pit. The District shall install the water meter and the District shall have the right to test, remove, repair or replace any and all water meters.

The District will exercise reasonable means to determine and maintain the general accuracy of all water meters in use. All meters will be tested for accuracy of adjustment and registration before installation and if inaccuracy is found, such meters shall be adjusted to register within one percent of accuracy.

The District, at any time, may test any of its meters. Upon written request of a customer, the Deer Creek Water District will test the accuracy of the delivery meter installed at customer's premises. The cost of this test shall be borne by the Deer Creek Water District if the meter is found to be inaccurate by more than 2%, and by the customer if the meter is found to be accurate within 2%.

5.5.4. Inaccurate or Broken Water Meter--Replacement

The Customer shall notify the District if Customer's water meter appears to be operating inaccurately. The District also may examine metered usage data and conduct tests to determine possible meter inaccuracy. If any meter inaccuracy is determined to be due to a broken meter or a defect in the meter, the District shall diligently pursue repair or replacement of said meter at District's expense. If the need to repair or replace the meter is the result of negligence or tampering by the Customer, the cost for meter repair or replacement shall be the responsibility of the Customer and will be added to the Customer's service charge bill.

5.5.5. Routine Connect/Disconnect of Water Service

All routine connection and disconnection of Water Service at a curbstop or Tap/Meter Pit shall be performed only by District designated personnel. During emergencies, a Customer may disconnect the Water Service at the curb stop valve. The District shall be notified of the disconnect and the related circumstances within 24 hours. Only District personnel shall connect the Water Service. Costs for routine connection and disconnection of Water Service are included in the fees in Appendix A.

A Connect/Disconnect service fee will not be charged for the following:

- when initial service (the first time a property is provided water service by the District) is provided, or

- when the Connect/Disconnect service is performed to support District maintenance/repair of the water service.

In all other circumstances, the District shall assess charges when a Connect/Disconnect is performed.

Connect/Disconnect of water service for late payments is described in Section 5.3.3.

5.5.6. Pressure Reducing Valve

A pressure-reducing valve (PRV) may be installed in all private Water Services at the discretion of the customer.

5.5.7. Stop-and-Waste Valves

Stop-and-waste valves are permitted only with the installation of an approved backflow prevention device. When closed, such valves may allow unacceptable groundwater contamination of the Water Service.

5.5.8. Repair of Service Line

Leaks, breaks and general maintenance of the private Water Service line shall be the responsibility of the Customer. If the District becomes aware of any related problem, the Customer shall be given notice by first-class mail that the Water Service is in need of repair. The Customer shall institute repair or maintenance in a timely fashion. If satisfactory progress toward repairing the service has not been made in a timely manner, or the District determines that environmental or property damage is being caused, the District shall shut off the Water Service until repairs are completed. In addition, if necessary, the District shall have the right to effect the repair, and the costs therefore shall constitute a lien on the property as provided for by Colorado law.

5.5.9. Safety Devices

Any Customer having boilers and/or other appliances which depend on pressure or water in pipes, or on a continual supply of water, shall provide, at Customer's expense, suitable safety device(s) to protect the Customer and its property against a stoppage of water supply or loss of pressure. The District expressly disclaims any liability or responsibility for any damage resulting from a Customer's failure to provide such appropriate protection.

5.5.10.Fire Hydrants

It is unlawful for any person to operate District valves or fire hydrants without prior written authorization by the District. Law enforcement officers, personnel of the District, or personnel of a fire department are authorized to confiscate any hydrant wrench or valve shut-off key found to be used without written District authorization. Any violation shall be considered Unauthorized Use and will be subject to all fines and fees therein.

5.5.11.Clearances Around and Over Fire Hydrants

No landscaping, retaining walls, or structures may obstruct the access to fire hydrants. Minimum clearances must be maintained around fire hydrants to facilitate their use and maintenance. Customers are responsible to maintain a seven-foot (7') clearance on either side (where 2½" connectors are located), a four-foot (4') clearance behind (including landscaping, retaining walls), clear in front (i.e., where the steamer connection is located) to the edge of the road asphalt, and twenty-five-foot (25') clearance above all fire hydrants. The breakaway collar must be six inches (6") above the finished grade.

5.5.12.Clearances Around and Over Well Heads

No landscaping, retaining walls, or structures may obstruct the access to District Well Heads. Customer properties with well head(s) are responsible to maintain clear access from road asphalt, seven-foot (7') clearance around, and twenty-five-foot (25') clearance above each well head. The District shall not be responsible for property damages as a result of use and/or maintenance of the well heads.

5.6 Water Use Regulations

The District is committed to the efficient use of its water resources and subsequent related use by its Customers to assure adequate supply to protect public health, safety and welfare. While the District encourages compliance with these Rules and Regulations, it also is acknowledged that there may be privately-held water rights over the use of which the District has no authority or control.

5.6.1. No Wasteful Use

Water shall be used only for beneficial purposes and shall not be wasted. Any instance of flagrant runoff or waste will be considered a violation of these Rules and Regulations and subject to the penalties provided for in Article 1.11.

5.6.2. Irrigation and Outdoor Use Regulations--General

Water for irrigation of lawns and landscaping, and other outdoor uses (e.g., car washing, outdoor washdowns, etc) shall be used pursuant to these Rules and Regulations. Nothing herein shall prevent the imposition of a total ban on outdoor water use in the event of an emergency, nor to further create an exception to meet specific Water System or water supply conditions.

5.6.3. Swimming Pools

Swimming pools will be limited to one filling per year unless draining for repairs is necessary.

5.6.4. Restrictions of Use-Emergencies

If conditions of the Water System or its supply so limit the availability of water that unrestricted water use may endanger the adequacy of that supply, the Board, or its authorized designee, may implement emergency water use restrictions and such additional regulations and restrictions that are reasonably necessary to conserve and protect that supply and to insure a regular flow of water through the system. Such emergency water use regulations and restrictions shall remain in force and effect until the Board, or its authorized designee, determines that the conditions requiring their imposition no longer exist.

Emergency conditions include but are not limited to: low river flows; impairment of water supply quality; water main break; loss of electrical power or pump outages; and loss of system pressure. The District will notify the public of such emergency conditions and the necessary water use restrictions through the District website at www.deercreekwaterdistrict.org radio broadcasts, news articles, signage, and water bill inserts, as appropriate.

5.6.5. Violations

The Customer using the premises or structure shall be responsible for complying with the regulations and/or restrictions. Violators of said regulations and/or restrictions will be subject to fines imposed by the District and possible disconnection or suspension of water service.

ARTICLE VI - MAIN EXTENSIONS

6.1 Main Extension by the District

The District may construct any Water System main if the Board deems it in the best interest of the District to do so. All such authorized main extensions shall be bid competitively, when required by state law, and a contract awarded under the authority of the Board. The Contractor installing the main shall be responsible to the Board. The District, through its engineer, shall monitor construction activity and coordinate all matters pertaining to the completion of the subject project, including permits, easements, material approvals, site inspection, acceptance, payments to the Contractor, and field verify the as-built drawings.

6.1.1. Performance Payment and Warranty Bonds

Pursuant to Colorado law, performance, payment and warranty bonds equal to at least one-half the contract price shall be furnished to the District by the Contractor on all contracts with the District. All mains, constructed in compliance with the contract specifications and District acceptance procedures, shall be accepted by the District upon completion of construction, subject to a two-year warranty period. Any defective work identified during the warranty period shall be promptly corrected by the Contractor, without cost to the District. All daily inspection fees for warranty work required by any governmental authority, including the District, shall be paid by the Contractor.

6.1.2. Acceptance Procedures

Before any main is accepted by the District, the following procedures shall be completed by the Contractor or applicant. The Contractor or applicant shall:

- (a) Certify that the main(s) and all appurtenances are free and clear of all liens and encumbrances;
- (b) Furnish a warranty bond to cover all maintenance for two (2) years from the date of construction acceptance of the main(s) by the District;
- (c) Provide a digital field verified as-built drawings of all facilities constructed, including but not limited to easements, water valve locations, fire hydrant locations, water stub out locations, data on

storage tanks, data on pumps, sewer stub out locations, coordinates of manholes, rim and invert elevations;

- (d) Provide inspection and test results. District personnel shall be present for all pressure tests on water mains and any other tests as deemed necessary.
- (e) Provide a digital copy of all computer information available as per District specifications; and
- (f) Provide all necessary maintenance, operating, and parts manuals.

6.2 Main Extensions by Others

The District has no obligation to extend any main. At the discretion of the District, the District may permit an applicant to construct, at the sole expense of the applicant, Water System mains earlier than any planned construction by the District. The applicant shall request intent to provide service from the District and subsequently enter into a written main extension agreement with the District prior to proceeding with any planning, design and/or construction.

6.2.1. Locations of Main Extensions

Mains shall be installed in street rights-of-way, or in easements granted to the District. Where required mains must cross land not being subdivided or where such land is under the applicant's control for the granting of public rights-of-way, each applicant who desires service will, with the approval of the District, plat and grant to the District appropriate rights-of-way and/or easements within which mains will be constructed.

6.3 Project Procedures for Main Extensions by Others

6.3.1. Capability to Serve

During the concept design of a development which requires the construction of water mains, the developer shall request the District to provide a letter expressing the intent to provide service. The developer's request shall include data on the number and type of residential, commercial or individual facilities, any irrigation systems, and other activities that could have an impact on water use. The request shall contain a description of water rights owned by the developer and a plan indicating the proposed development of the site. The District will analyze its ability to provide water service to the site. This analysis will determine the adequacy of the existing Water System capability and the need to increase the capacity of any existing mains, equipment, or facilities. The analysis also

will determine the need to oversize mains in the development site for anticipated future service needs. The District will provide a formal letter of intent to serve the development site including any conditions deemed appropriate.

6.3.2. Oversizing Mains

Based on District estimates of future growth and use of a main, the applicant shall construct oversized main extensions as required by the District. The District's expense for such oversizing shall be the additional incremental cost of the oversized main.

6.3.3. Application, Review and Approval

All applicants desiring to construct a main within the District shall submit a formal application to the District. This application shall contain a legal description of the property to be served by the main, the use of the property, the type(s) of structures, the estimated number of Water Services and respective SFEs to be served, any easements to be conveyed, the detailed construction plans and specifications for the main extension(s), and any other related information required by the District. District staff and/or consultants shall review the documentation, easements, plans, and specifications for conformance with any specifications as enumerated in these Rules and Regulations and the District's construction standards; and any related municipal, county, and state specifications, and, as appropriate, recommend the plan(s) for approval. Two (2) sets of documents marked "Approved" by the District shall be returned to the applicant. If cost recovery is applicable, a Cost Recovery Agreement must be concluded in accordance with Article 6.4.

6.3.4. Deposits with the District

The cost to the District for any and all document and plan reviews for any main extension shall be borne by the applicant. Prior to any review by District staff, the applicant shall deposit with the District an amount sufficient to compensate the District for any related engineering fees, legal fees, and other costs expected to be incurred by the District resulting from the application, plan review(s) and periodic inspection during construction of the mains and/or main extension(s). All other related costs incurred by any governmental agency having jurisdiction shall be paid by applicant to the applicable agency.

6.3.5. District Acceptance of Mains Constructed by Others

The District shall conduct periodic inspections during the course of construction to assure compliance with the approved plans and specifications. When construction of mains and/or main extension is complete, including final grading, specified surface treatments, landscaping, etc., the applicant shall notify the District. The District will then inspect the mains, appurtenances, equipment, special structures, and rights-of-way and/or easements for conformance to the approved requirements, observe any related pressure tests, view televised inspections, etc. Before acceptance by the District, applicants who have completed construction of approved mains and/or main extensions shall:

- (a) Deed the mains and any related appurtenances to the District free and clear of all liens and encumbrances.
- (b) Furnish to the District a warranty bond for a two year (2) period from the date of acceptance by the District.
- (c) Provide the District with:
 - Legally recorded documents of all rights-of-way and/or easements accompanying the mains;
 - Spatial data in digital format as specified by District construction standards;
 - Three (3) sets of any and all operation, maintenance, and part manuals for any and all electrical and mechanical equipment provided by the contract; and
 - A certified statement of the costs of the mains and any appurtenances.

No taps may be made onto the main(s) until construction acceptance has been formally granted by the District in writing.

6.4 Cost Recovery

The cost recovery contract policies and procedures of the District for water main extensions are not within the purview of these Rules and Regulations.

Information regarding the opportunity for cost recovery contracts for water main extension within the District may be obtained from the District's administrative offices.

ARTICLE VII - CROSS-CONNECTION CONTROL

7.1 Cross-Connection Control Authority

The authority to implement and maintain this backflow and cross-connection control program is contained in the following legislative actions:

- Colorado Revised Statutes (CRS), Section 25-1-114 and 25-1-114.1.
- Colorado Primary Drinking Water Regulations (CPDWR), Article 12, Control of Hazardous Cross-Connections.
- Colorado Plumbing Code.
- Uniform Plumbing Code of the International Plumbing and Mechanical Officials / International Plumbing Code.
- Uniform Swimming Pool and Mineral Bath Regulations.
- Uniform Solar Code

7.2 Reference Manuals Adopted for Guidelines on Cross-Connection Control

- Cross-Connection Control Manual, Colorado Department of Public Health and Environment, latest edition.
- Definitions of terms used in this regulation are contained in the Cross Connection Control Manual, Colorado Department of Public Health and Environment, latest edition.

7.3 General Requirements

All building plans must be submitted to the District and approved prior to issuance of water service. Building plans must comply with the following:

- 7.3.1.** Approved backflow prevention assemblies shall be installed on all commercial, industrial, and mixed usage properties, and fire sprinkler systems to protect the domestic water system from potential cross-connection contamination.
- 7.3.2.** By law, residential properties are required to have backflow prevention assemblies. If the residential property does not contain potential hazards to the public water supply, which potential hazards include, but are not

limited to, home photo labs, hot water snow melt systems, and solar power systems connected to the potable water system, the District does not require Device Inspection Reports. If, however, a residential property does contain such potential hazards to the public water supply, Device Inspection Reports shall be submitted by the property owner every 2 years.

- 7.3.3.** Approved backflow prevention assemblies that provide containment shall be installed on all new service connections, and shall be located downstream from the meter, prior to any other connection.
- 7.3.4.** The District requires that all building plans for new construction or remodels that involve plumbing be submitted to the District for review and approval prior to construction.
- 7.3.5.** Backflow prevention assemblies installed on fire sprinkler systems must meet the requirements of the local Fire Department and shall be Reduced Pressure Assemblies that provide full containment or isolation when the systems contain glycol. The reduction of pressure through these devices must be incorporated into the design of the fire sprinkler system.
- 7.3.6.** Backflow prevention assemblies shall only be installed by a Master Plumber or by a licensed plumber or Cross-Connection Control Technician working directly under the supervision and authority of a Licensed Master Plumber. Double check type backflow prevention assemblies shall not be permitted on systems containing glycol.
- 7.3.7.** Single Check Valves are not considered backflow prevention assemblies and shall not be permitted within the service area of the District.
- 7.3.8.** The District reserves the right to require the replacement or modification of any backflow prevention assembly that the District's designated personnel deems to present a potential hazard to the domestic water system.
- 7.3.9.** Backflow prevention assembly valves are not to be used as the inlet or outlet valve of the water meter. Test cocks are not to be used as supply connections.
- 7.3.10.** All costs for the design, installation, maintenance, repair, and testing of backflow prevention assemblies shall be borne by the Customer.
- 7.3.11.** The District shall have the right of entry to inspect any and all structures and premises for cross-connections relative to possible hazards, or to

verify proper installation, testing, or repair of backflow prevention assemblies.

- 7.3.12.** No grandfather clause exists. All Rules, Regulations, and Laws apply regardless of the age of the property or the service connection.
- 7.3.13.** The District may, after proper written notice, discontinue service of water to any property if an unprotected cross-connection exists on such property that poses a significant risk to the Water System. Failure of a property owner to comply with the installation, maintenance, testing, repair, relocation, or inspection of a backflow prevention assembly may result in the disconnection of the Water Service. Water service to a property may not be disconnected if the Customer installs an approved air gap to separate any hazardous condition from the public water system.
- 7.3.14.** Violation of the requirements of this Article VII may result in fines as permitted under Article 1.11.

ARTICLE VIII – CHARGES FOR WATER SERVICE

8.1 General

The information contained in this Article is pertinent to all charges of whatever nature to be levied for the provision of water service. The rates and charges as set forth in Appendix A are in effect at this time, and shall remain in effect until modified by the District Board of Directors under the provisions of these Rules and Regulations, and under the applicable statutes of the State of Colorado. Nothing contained herein shall limit the District from modifying rates and charges, or from modifying any classification.

8.2 Application of this Article

The rates, charges, and other requirements apply to Customers inside the District, and shall not obligate the District with respect to services provided outside the District boundaries.

8.3 Billing Account Setup Fee

The District shall assess a one-time fee for adding a new account to the District billing system due to the initial occupancy or a change of ownership of the property in the District. The fee for this service is listed in Appendix A. This fee will be charged to the account in the monthly service bill and will be payable per the due date on the monthly bill.

8.4 Monthly Service and Volume Charges

8.4.1. General

Monthly billing for water service is comprised of a monthly Fixed Fee and a Usage Fee. .

The Usage Fee is billed based on volume of water used.

Fixed and Usage Fees are initiated when the water meter is set and water service is started for the property and/or structure by District personnel

Monthly Fixed Fees do not cease even if water disconnection has occurred due to non-payment of monthly service charges.

8.5 Amended Service Charges

In those situations where, in the Board, or its authorized designee'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, or its authorized designee, may adjust the rates.

8.6 Payment of Monthly Service and Volume Charges

The District bills for water service on a monthly basis.

The Customer shall pay to the District on the due date the full amount of that statement. If the Customer believes the billing statement is in error, the Customer must file, in writing, a notice to the District of the presumed error, and request a clarification from the District. Upon review by the District and resubmittal and/or revision of the statement, payment shall be due on the due date of the resubmitted statement.

8.7 Penalty for Late Payment

Any time a Customer is delinquent in payment of any charges due, the District shall assess a late fee (see Appendix A) on the account. That late fee will be added to the next monthly bill. In addition, the District may assess an interest charge at the maximum rate allowed by statute on the unpaid balance.

The District shall assess to any Customer who is late in payment of his account, all legal, court, disconnection, and other costs necessary to or incidental to the collection of the account.

Until paid, all such fees, rates, penalties, or charges shall constitute a perpetual lien on the property served. Any such lien may be foreclosed in the same manner as provided by the laws of Colorado for the foreclosure of mechanics' liens.

If a customer files a written objection to a penalty fee with the District, new penalty fees will not be added to the monthly service charges as long as full payments of the monthly service charges are made while the objection is being resolved.

8.8 Foreclosure Proceedings/Attorney's Fees

After other efforts (letters, posted notices) to collect delinquent payments of any fee or charge imposed by the District under these Rules and Regulations and/or Colorado law are exhausted, the District may initiate foreclosure proceedings as provided for by Colorado law. In the event the District shall commence a foreclosure proceeding to collect any payments due and payable to the District, the party being foreclosed shall be charged all costs incurred in connection with the foreclosure proceedings including, but not limited to, reasonable attorney's fees

which the court shall tax as a part of the costs of the proceedings. In the event payment is made by the Customer prior to the foreclosure sale, the attorney's fees and all other fees outstanding against the account and relating to the subject property, must be paid as a precondition to the resumption of service to the property.

8.9 Certification of Amounts to County Treasurer

In addition to any other means of collecting delinquent fees, rates, tolls, penalties, charges, or assessments made or levied solely for water service (including charges for availability of such service), the District may certify the delinquent amounts to the County Treasurer for collection in the same manner as property taxes, in accordance with the provisions of Colorado law. The District and County Treasurer shall charge a fee for the administrative costs of this collection method. This fee shall be added to all delinquent amounts, including other penalties and interest charges, before certification.

ARTICLE IX - HEARING AND APPEAL PROCEDURES

9.1 Application

The hearing and appeal procedures established by this Article shall apply to all complaints concerning the interpretation, application, or enforcement of the Rules and Regulations of the District, and contracts related thereto, as they now exist or may hereafter be amended. The hearing and appeal procedures established by this Article shall not apply to the following:

- (a) Complaints that arise with regard to personnel matters. These complaints shall be governed exclusively by the District's personnel rules.
- (b) Any other complaint which does not concern the interpretation, application, or enforcement of the Rules and Regulations of the District, or contracts related thereto.
- (c) Any complaint regarding late bill payments, revocation of service for non-payment of District fees or charges, and/or delinquent payment of any District fees or charges.

9.2 Initial Complaint Resolution

Complaints concerning the interpretation, application, or enforcement of these Rules and Regulations of the District must be presented in writing to the Board. Upon receipt of a written complaint, the Board at its next meeting, shall make a full and complete review of the allegations contained in the complaint, and shall take such action and/or make such determination as may be warranted. The complainant shall be notified of the action or determination by mail within twenty (20) days after receipt of the complaint.

9.3 Hearing

In the event the decision of the Vice-Chairman is deemed unsatisfactory by the complainant, a written request for hearing may be submitted to the Board, within twenty (20) business days from the date written notice of the decision was mailed.

If receipt of the request is timely and if all other prerequisites prescribed by these Rules and Regulations have been met, the Board Chairman, or an appointed hearing officer shall conduct a hearing at the District's convenience. Every effort will be made to conduct the hearing within twenty (20) business days after the

receipt of the request. The hearing shall be conducted in accordance with and subject to all pertinent provisions of these Rules and Regulations.

9.4 Conduct of Hearing

At the hearing at which minutes shall be kept, the Board Chairman or appointed hearing officer shall preside. The complainant and representatives of the District shall be permitted to appear in person, and the complainant may be represented by any person of his choice, including legal counsel.

The complainant or his representatives and the District representatives shall have the right to present evidence and arguments; the right to cross-examine any person; and the right to oppose any testimony or statement that may be relied upon in support of or in opposition to the matter complained. The Board Chairman or and appointed hearing officer may receive and consider any evidence which has probative value commonly accepted by reasonable and prudent persons in the conduct of their affairs. The Board Chairman or hearing officer may ask questions of any representative in order to clarify further an issue relevant to the complaint.

The Board Chairman or hearing officer shall determine whether clear and convincing grounds exist to alter, amend, defer, waive or cancel the interpretation, application, and/or enforcement of the Rules and Regulations that are the subject of the complaint. The decision shall be based upon evidence presented at the hearing. The burden of showing that the required grounds exist to alter, amend, defer, or cancel the action shall be upon the complainant.

9.5 Findings

Subsequent to the hearing, the Board Chairman or hearing officer shall make written findings and an order disposing of the matter and shall mail the findings and order to the complainant no later than twenty (20) business days after the date of the hearing. Should the Board Chairman or hearing officer fail to issue an order to the contrary within the required time limit, the District's interpretation, application, or enforcement of the subject rule and/or regulation is affirmed.

9.6 Appeals to the Board of Directors

In the event the complainant disagrees with the findings and order of the Board Chairman or hearing officer, the complainant may, within twenty (20) business days from the date of mailing of the findings and order, file with the District a written request for an appeal to the Board. The request for an appeal shall set forth, with specificity, the facts or exhibits presented at the hearing up or the expiration of the time for such issuance of such order, on which the complainant relies and shall contain a brief statement of the complainant's reasons for the

appeal. In response, the Board Chairman or hearing officer shall compile a written record of the hearing consisting of:

- (a) Minutes of the hearing;
- (b) All exhibits or other physical evidence offered and reviewed at the hearing; and
- (c) A copy of the written findings and order.

The Board Chairman or hearing officer may submit additional written comments that further clarify the hearing findings and order in response to the request for appeal.

The Board shall consider the complainant's written request for appeal and the written record of the hearing at its next regularly scheduled meeting, but not earlier than ten (10) business days after the filing of the complainant's request for appeal. Such consideration shall be limited exclusively to a review of the record of the hearing, any written clarifying comments by the Board Chairman or hearing officer, and the complainant's written request for appeal. No further evidence shall be presented by any party to the appeal and there shall not be the right to a hearing de novo before the Board of Directors. The Board of Directors shall overturn the Board Chairman's or hearing officer's decision where the complainant establishes by majority approval of the Board that there is no competent evidence in the record to support the decision such that the decision was arbitrary or capricious.

9.7 Board's Findings

The Board shall make written findings and issue an Order concerning the disposition of the appeal, which order may include a directive to the Board Chairman or hearing officer to rehear the matter consistent with the Board's findings. A notice of the decision shall be sent by mail to the complainant within twenty (20) business days after the appeal hearing. Unless otherwise indicated, the Board of Directors' findings shall be final.

9.8 Notice

A complainant shall be given notice of any hearing before the Board Chairman, or hearing officer, or before the Board, by mail at least ten (10) business days prior to the date of the hearing, unless the complainant requests or agrees to a hearing in less time, or to a waiver of formal notice. Notice is deemed given when placed in regular, postage prepaid U.S. mail.

ARTICLE X APPENDIX A – SCHEDULE OF FEES AND CHARGES

To Rules and Regulations for Water Service

WATER FEES AND CHARGES:

1. Residential Water Tap Fee Calculation

Residential Water Tap Fees generally are based the cost of the development of the Water System and the cost of the installation and operation of the water tap. See Table A-1 for Tap Fee rates.

2. Commercial Water Tap Fee Calculation

Commercial Water Tap Fees are based the cost of the development of the Water System, the cost of the installation and operation of the water tap, and on associated meter size. Meter size is determined by using the fixture count assessment according to the International Plumbing Code. See Table A-1 for Tap Fee rates.

3. Monthly Water Service and Volume Charges

Water Fixed Fees and Usage Fees are billed monthly, in arrears. See Table A-1 for rates and charges.

**Table A-1
District Fees**

Category of Fee	Amount	Notes
Monthly Fixed Fee	Residential - \$39.50 Commercial - \$118.50	Effective 1/1/2023
Monthly Enterprise Fee	Residential - \$49.00 Commercial - \$147.00	Effective 4/1/2018
Usage Fee Per 1,000 Gallons	Residential - \$3.40 Commercial - \$10.20	Effective 1/1/2023
Tap Fee	See Table A-2	Effective 6/11/2020
Account Transfer Fee	\$150.00	Effective 11/1/2022 One-time charge to new subscribers to water service in the District
Late Payment Fee	\$15.00	Effective 11/1/2022
Returned Check Fee	\$50.00	Effective 10/14/2021
Account Delinquency Notice Fee	\$75.00	Effective 11/1/2022
<u>Unpaid Account</u> Disconnect/Connect Fee	Disconnect - \$250.00 Connect - \$250.00	Effective 10/14/2021
Unauthorized System Use and/or Tampering Fee	\$1,000.00 for each incident	Effective 10/13/2022
Service Work Fee Determined Customer Responsibility	\$120.00 per hour	Effective 12/1/2022
Lien for Unpaid Accounts Fee	\$500.00 for each Lien	Effective 12/11/2022

Table A-2 Increasing Tap Fee Schedule for Residential Taps and 1-inch Commercial Taps

Residential Tap Fees			
7/1/2022	\$ 19,243	2/1/2024	\$ 20,478
8/1/2022	\$ 19,308	3/1/2024	\$ 20,543
9/1/2022	\$ 19,373	4/1/2024	\$ 20,608
10/1/2022	\$ 19,438	5/1/2024	\$ 20,673
11/1/2022	\$ 19,503	6/1/2024	\$ 20,738
12/1/2022	\$ 19,568	7/1/2024	\$ 20,803
1/1/2023	\$ 19,633	8/1/2024	\$ 20,868
2/1/2023	\$ 19,698	9/1/2024	\$ 20,933
3/1/2023	\$ 19,763	10/1/2024	\$ 20,998
4/1/2023	\$ 19,828	11/1/2024	\$ 21,063
5/1/2023	\$ 19,893	12/1/2024	\$ 21,128
6/1/2023	\$ 19,958	1/1/2025	\$ 21,193
7/1/2023	\$ 20,023	2/1/2025	\$ 21,258
8/1/2023	\$ 20,088	3/1/2025	\$ 21,323
9/1/2023	\$ 20,153	4/1/2025	\$ 21,388
10/1/2023	\$ 20,218	5/1/2025	\$ 21,453
11/1/2023	\$ 20,283	6/1/2025	\$ 21,518
12/1/2023	\$ 20,348	7/1/2025	\$ 21,583
1/1/2024	\$ 20,413	8/1/2025	\$ 21,648

Commercial Tap Fees			
7/1/2022	\$ 62,019	2/1/2024	\$ 65,724
8/1/2022	\$ 62,214	3/1/2024	\$ 65,919
9/1/2022	\$ 62,409	4/1/2024	\$ 66,114
10/1/2022	\$ 62,604	5/1/2024	\$ 66,309
11/1/2022	\$ 62,799	6/1/2024	\$ 66,504
12/1/2022	\$ 62,994	7/1/2024	\$ 66,699
1/1/2023	\$ 63,189	8/1/2024	\$ 66,894
2/1/2023	\$ 63,384	9/1/2024	\$ 67,089
3/1/2023	\$ 63,579	10/1/2024	\$ 67,284
4/1/2023	\$ 63,774	11/1/2024	\$ 67,479
5/1/2023	\$ 63,969	12/1/2024	\$ 67,674
6/1/2023	\$ 64,164	1/1/2025	\$ 67,869
7/1/2023	\$ 64,359	2/1/2025	\$ 68,064
8/1/2023	\$ 64,554	3/1/2025	\$ 68,259
9/1/2023	\$ 64,749	4/1/2025	\$ 68,454
10/1/2023	\$ 64,944	5/1/2025	\$ 68,649
11/1/2023	\$ 65,139	6/1/2025	\$ 68,844
12/1/2023	\$ 65,334	7/1/2025	\$ 69,039
1/1/2024	\$ 65,529	8/1/2025	\$ 69,234