

**UNIFORM RULES AND REGULATIONS
FOR THE GOVERNANCE OF WATER
DISTRIBUTION SERVICES
OF THE
PINE MEADOW MUTUAL WATER COMPANY**

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**UNIFORM RULES AND REGULATIONS
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SERVICES OF THE
PINE MEADOW MUTUAL WATER COMPANY**

WHEREAS the Pine Meadow Mutual Water Company (Company) deems it necessary for the orderly administration of the Company to adopt uniform rules and regulations consistent with its Articles of Incorporation and By-Laws regarding construction, operation, and maintenance of operation of the water system, including the construction, maintenance, and extension of distribution mains, storage, and treatment facilities; operation of distribution systems and facilities within subdivisions; conveyance of wells, springs, and other surface water resources and appurtenant easements into the Company; and the manner in which water service will be rendered to its Shareholders and to others desiring to use or extend or otherwise connect to the water system and receive water service, it has adopted the following:

SECTION 1: TITLE

- 1.1** These regulations shall be entitled the Uniform Rules and Regulations for the Governance of Water Distribution Services of the Pine Meadow Mutual Water Company.

SECTION 2: DEFINITION OF TERMS

- 2.1 Applicant.** A party owning real property within the Service Area of the Pine Meadow Mutual Water Company applying for water services to a new or existing connection to the water distribution system.

- 2.2 Approved Backflow Assembly.** A backflow assembly accepted by the Utah State Drinking Water Division, which meets an applicable specification or as suitable for the

proposed use.

- 2.3 Auxiliary Water Supply.** Any water supply on or available to the service property other than the Company's public water supply is an auxiliary water supply. Auxiliary waters include water from another public potable water supply or any natural source, such as a well, spring, river, stream, irrigation water, .used waters., storage tanks or reservoirs which may or may not originate within the Company. Auxiliary waters may be contaminated or polluted or they may be objectionable and constitute an unacceptable water source over which the Company does not have authority for sanitary control.
- 2.4 AWWA Standards.** Standards for Water System components promulgated by the American Water Works Association.
- 2.5 Backflow.** The reversal of the normal flow of water caused by either backpressure or back-siphonage.
- 2.6 Backflow prevention assembly.** An assembly or means designed to prevent backflow. Specifications for approved and allowable backflow prevention assemblies are contained with the Utah Plumbing Code, Chapter 10 and the Cross-Connection Control Program of Utah. All backflow prevention assemblies must be approved by the Utah State Drinking Water Division prior to installation.
- 2.7 Back-siphonage.** The flow or water or other liquids, mixtures, or substances into the distribution pipes of the Company.s water supply system from any source other than the intended source, caused by the reduction of pressure in the potable water supply system.
- 2.8 Board of Trustees.** A board of property owners elected by the shareholders of the Pine

Meadow Mutual Water Company in the annual meeting as specified in the ByLaws of the Company.

- 2.9 Capital Improvement Reserve Fund.** A reserve fund for capital improvements which is funded in part from the collection of fees and segregated into a separate fund for the construction of future capital improvements to the water system as may be required.
- 2.10 Connection Fee.** A fee to be charged by the Company in an amount to be determined by the Board to pay the costs of scheduling and making the physical connection to the water system and for the inspection of the Shareholder's individual service line and setting a water meter.
- 2.11 Contamination.** An impairment of the quality of the potable water supply by sewage, industrial fluids or waste liquids, irrigation or other non-potable water, compounds or other materials to a degree which creates an actual or potential hazard to the public health through poisoning or through the spread of disease.
- 2.12 Company.** The Pine Meadow Mutual Water Company
- 2.13 Cross Connection.** Any physical connection or arrangement of piping or fixtures between two otherwise separate piping systems, one of which contains potable water and the other water from an Auxiliary or non-Company source or non-potable water or storage tanks or reservoirs of questionable safety, through with, or because of which, backflow may occur into the potable water system. This would include any temporary connections, such as swing connections, removable sections, four-way plug valves, spools, dummy sections of pipe, swivel or change-over devices or siding multiport tubes.
- 2.14 Customer.** The owner of property (ordinarily a shareholder of the Company) or lessee or

occupant of an existing structure that is connected to the water distribution system or a seasonal service such as a camp or trailer that receives or is to receive or to resume water service from the Company.

- 2.15 Dwelling Unit.** Any structure within the approved service area of the Company that is inhabited full time or part time by any individual.
- 2.16 Landlord.** The owner of record of any rental property located within the Service Area of the Company and leased or available for lease to others whose property receives water service from the Company.
- 2.17 Lot.** Any surveyed and platted parcel located within the boundaries of Pine Meadow Ranch or Forest Meadow Ranch or within any additional areas added to the Company's service area in accordance with Article XI of the Company's By-Laws. Shares in the Company are required to be appurtenant to Lots.
- 2.18 Lot Owner.** Owner of record for any Lot and, ordinarily, a shareholder of the Company.
- 2.19 Main Transmission System.** The primary water storage, transmission lines, wells, pump stations, and appurtenant facilities owned by the Company to transport and distribute water to the Lots within the Company's approved service area.
- 2.20 Meter Fee.** The fee charged by the Company for the construction and installation of a water meter and connection. The Meter Fee shall include the cost of the water meter, the meter setter, meter box, shutoff valves, hydrant, and the Company's actual costs incurred in setting the meter and making the connection to the service lines of the Company and for the costs of inspecting the connection by Company personnel.
- 2.21 Residential Equivalent Units (REU).** A standard unit of measurement based upon the average annual water usage of a single-family residence per unit as per State of Utah

Drinking Water and State Engineer.s standard and approval.

- 2.22 Resumption of Service Fee.** A fee imposed as a condition to resuming service to a specific connection and to cover the costs of re-establishing service where service had been terminated at the Shareholder's request, for termination resulting from non-payment of service charges, for establishing new Shareholder accounts to existing connections, or for any other reason resulting from Shareholder's non-compliance with specific rules.
- 2.23 Service Area.** The Company's service area includes all phases of the Pine Meadow and Forest Meadow subdivisions in Summit County and other lots formerly served by the Pine Meadow Special Service Area, together with other contiguous lands that have been accepted by the Company for service in accordance with Article XI of its By-Laws.
- 2.24 Service Connection.** The physical joining of the Company.s Distribution System to the individual service line.
- 2.25 Service Line.** The individual service lateral water line from the water meter to the structure or hydrant receiving service that is the property of the Shareholder.
- 2.26 Service Mains.** The Company's lines located in the streets and other easements from the main transmission lines to which the individual Service Lines are connected for the purpose of receiving water distribution services.
- 2.27 Stand-by Maintenance Fee.** An assessment imposed upon a Shareholder without a service connection to partially offset the costs of repair, constructing, and maintaining the water system distribution, storage, and supply in a condition that the Shareholder may receive water services upon applying for a connection.
- 2.28 Subsequent Shareholder/Applicant.** The Shareholder or Applicant to who a Lot is transferred or sold and who is applying for water services from the water distribution

system.

2.29 Tenant. A lessee, renter, or person other than the Shareholder in possession of rental property thereof located within the approved service area of the Company and receiving or applying to receive water service from the Company for that rental property.

2.30 Water Service Letter. A service provider commitment letter issued by the Company on behalf of an Applicant indicating the Company's willingness and capability to provide water distribution services to Applicant's property.

SECTION 3. WATER SERVICE REGULATIONS

3.1 Services

3.1. Services to be Provided. The Company shall provide water services to Shareholders for the Lots located within the Service Area of the Company. The Company is committed to provide water service on a year around basis as soon as feasible, considering present and future fiscal and engineering constraints. Currently the Company is providing water services from approximately May 1 to December 31 of each year. This time period varies depending on the weather conditions each year that impact the Company.s ability to provide water.

3.1.1. Acquisition of System. Service will be provided through facilities, systems, and property already owned and as may be acquired for this purpose through construction(s), purchase, lease, contract, rental, donation, gift, or condemnation, or any combination of the foregoing, or through any other lawful means available to the Company under its expressed or implied powers.

3.1.2. Applications for Services. Each Applicant must apply in writing to the Company for water service and agrees to pay the water service fees and other charges imposed for water delivered to the Shareholder. Each application must be accompanied with evidence that all

fees, including the connection fee and the construction impact fee, have been fully paid.

3.1.2.1. Current Installation Costs. Current costs of installation require that Shareholders who may have previously paid for a water connection but have not yet completed their connections will be subject to an adjustment in the connection fee to a level compatible with current installation costs. Any adjustment amount must be paid prior to issuance of a Water Service Letter.

3.1.2.2. Consideration of Applications. Each application that meets the above requirements will be considered and approved in the order in which the application is received according to postmark date. Applications that require new service connection will be approved in the order received at such time as the Company has sufficient source, storage, and distribution capacity to render service. When a connection is approved the Company will provide a Water Service Letter.

3.1.2.3. Water Connection Agreement. All Shareholders requesting new water service shall sign the Application and Agreement for Water Services before the Water Service Letter will be issued. This agreement verifies that the Shareholder has received a copy of the Pine Meadow Mutual Water Company's Rules and Regulations, has read and understands the rules and regulations, and agrees to comply fully with all the rules and regulations in force or which may be enacted in the future.

3.1.3. Express Conditions. Each Shareholder agrees to comply with the rules and regulations of the Company as they now exist or as they may be amended in the future. Water service is currently provided for indoor use only. (Indoor use includes use for camping, use in trailers, and other transient domestic use.) In order to remain in compliance with the current conditions of approval imposed on the Company's rights by the Utah State Engineer, water

may not be used for outside irrigation, plants, lawns, gardens, or other vegetation, or livestock or other stock watering, or use other than indoor use

3.1.4. Prohibited to Obstruct Water System: It is prohibited to place any obstruction that will prevent the normal operation of the water system including drain valves, pressure reducing valves, fire hydrants, shut off valves, meters, etc. This includes all damage and obstructions caused by digging, planting vegetation of any kind, grading of roads, snow plowing, or any other means.

3.1.4.1. All Valves Marked: All drain valves, pressure-reducing valves, shut off valves, meters, etc. should be marked by the Company with a sign that easily identifies where the Company's valves, meters, etc are located. This will serve as a notification that any and all obstructions within five feet should be removed to allow access to the water system. In the event the sign has been removed or is not evident for any reason, and an obstruction has occurred by a shareholder, the Company shall notify the Shareholder verbally or in written form that an obstruction has occurred and must be remedied by the Shareholder.

3.1.4.2. Fine for Obstructing Water System: All obstructions that prevent the normal operation of the water system will be subject to a fine in an amount not less than \$50.00. The fine may be increased at the option of the Board of Trustees to cover any damage to the water system resulting from the obstruction or to cover the actual cost of removing the obstruction.

3.1.4.3. Shareholder Given Notice to Remove Obstruction: Except in cases of emergency, the Shareholder will be given 10 days notice to remove any obstruction preventing the normal operation of the water system. In the event of an emergency, or if the obstruction is

not removed within 10 days of receiving notice, the Company may remove the obstruction and bill the Shareholder for the cost of removing the obstruction and for any damage caused by the obstruction.

3.1.4.4. Cost to Remove Obstruction Included in Yearly Water Service Fees: In the event the Shareholder does not reimburse the Company for the costs to remove any obstruction or for damage caused by the obstruction, the Shareholder shall be deemed to have given consent to the Company to add the costs, with interest and any costs, to the yearly fee assessed by the Company. Failure to pay these additional costs will result in a delinquent account and shall be subject to the same collection of delinquent charges discussed in Section 3.3.5

3.2 **Company to Own Distribution System.** The Company shall hold title to the Main Transmission System, the Service Mains, and the service connections from the Service Mains to the property line of each individual Shareholder, including the meter, meter box, meter gauges, meter set, backflow prevention device, shutoff valve, and all appurtenances. The Company shall maintain, repair, and replace the same in perpetuity as a Shareholder expense, unless damage is caused by the Shareholder. The cost of any damage caused by the Shareholder shall be billed to the Shareholder.

3.2.1. Service Lateral Lines. The Company's obligation for operation and maintenance of the Service Line shall terminate at the property side of the water meter.

3.2.1.1. Shareholder Responsibility for Service Line. Each Shareholder shall own and shall bear the sole responsibility for repair, upkeep, and maintenance of the Service Line from the property side of the water meter to the premises being served.

3.2.1.1.1. Property Damage and Repairs. The Company is not responsible for any leaks or

damages caused by leakage in the Service Line on the property side of the meter.

3.2.1.1.2. Lock on Shareholder's Shut Off Valve and Frost Free Hydrant. The

Shareholder may not attach a lock to the main shut off valve or the frost free hydrant on the Shareholder's property unless given written permission by the Company. In the event of an emergency because of fire or other similar circumstances, the Company has the right to use the Shareholder's service line and facilities and may remove any lock by any necessary means. The removal of any lock will be at the Shareholder's expense and without liability of any kind to the Company in order to use the water to help extinguish a fire or mitigate an emergency.

3.2.1.1.3. Emergency Water Shut Off. When property damage or life is threatened, or contamination of the Company System is likely, the Company may, without incurring liability, shut off the water service to the property in order to mitigate damage, prevent waste of water, and to prevent contamination of the water supply. Water service will not be restored until the Shareholder has resolved the problem.

3.2.1.1.4. Pressure Reducing Valve. Each Shareholder shall install a pressure reducing valve on the Shareholder's side of the meter to protect the Shareholder's property. The Shareholder acknowledges that the water pressure on the Company's side of the connection may from time to time exceed 100 psi, and that the Shareholder must maintain an appropriate pressure reducing valve or such pressures may cause the service line or pipes within the property to rupture causing substantial damage including damage to the contents, structure, or foundation. The Shareholder acknowledges that the Company is not responsible for installing or maintaining pressure reducing valves, and is not responsible for any damage caused by excessive water pressure in the water distribution system.

3.2.2. Prohibition Against Tampering With Company Property. No one shall damage, tamper with or modify any property owned by the Company including its fire hydrants, valves, meters, lines, tanks, pumps, or any part of the water distribution system, except with prior written permission from the Company. If such damage, tampering or modification occurs, the company shall immediately contact the Summit County Sheriff for prosecution and shall assist in any way possible with any prosecution. If the Shareholder is responsible for the tampering, the Company may discontinue the Shareholder's water service.

3.3. **Water Service Fees.** The Company shall impose as assessments made pursuant to its Article VIII of its Articles of Incorporation and Article VII of its By-Laws, fees for water delivered to each service connection. The assessments and fees shall be set by the Board of Trustees from time to time as deemed necessary to keep the Pine Meadow Mutual Water Company fiscally sound, including the following:

3.3.1. Base Charge. All Shareholders shall pay a base assessment for a pre-determined quantity of water as determined by the Board.

3.3.1.1. Additional Charges Based on Usage. Any quantity of water used by a Shareholder in excess of the established base amount shall be subject to a specific usage charge or overage assessment based upon the amount of water used.

3.3.1.2. Charges Based on Quantity Metered. The usage charge shall be based upon the quantity of water used as determined by reading each Shareholder's water meter.

3.3.2. Water Service Stand-by Fee. The Company shall impose a water service stand-by fee against each owner of property to help insure that the Company has sufficient revenue to cover the construction, operation, and maintenance expenses of the Main Transmission

System and facilities constructed to serve Shareholder's property.

3.3.2.1. Water Service Stand-by Fee Payable. The Water Service Stand-by Fee shall be charged annually at the discretion of the Board. The Stand-by Fee is subject to change from time to time by the Board.

3.3.3. Construction Impact Fees. The Company shall assess all new connections a construction impact fee for the purpose of building new water distribution lines, storage tanks, and developing new water sources as required for new Shareholders. This fee shall be determined by the Board and is subject to change, as conditions require.

3.3.3.1. Fee Payable before Water Service Letter Issued. The Construction Impact Fee is payable before the Company will issue the Water Service Letter for any new connections.

3.3.4. Leaks. Leaks on the Shareholder's side of the meter shall be the responsibility of the Shareholder and shall be subject to regular water usage charges, except as noted below. Leaks on the Companies side of the meter shall be the responsibility of the Company.

3.3.4.1. Possible Reduction of Water Bill for First Time Leaks. A possible one-time reduction of the shareholder's water bill may be possible when the shareholder has experienced a leak on the shareholder's side of the water meter. The following conditions must be met in order to receive a reduction in the water bill. 1) The shareholder must be current on all previous payments to the Pine Meadow Mutual Water Company. 2) The shareholder must prove a leak existed and was repaired according to code. Proof that a leak occurred could be in the form of a licensed contractor's statement or repair invoice, inspection by the PMMWC Water System Manager, or some other form of proof satisfactory to the PMMWC Board. 3) The shareholder has not had a recent leak prior to the current leak. 4) The shareholder must petition the Board for a reduction within one year of receiving

the yearly invoice.

3.3.4.2. Intent of Board to Allow a Reduction. The intent of the Board is to allow for a possible reduction of the water bill related to an unintentional leak when the shareholder has taken all reasonable precautions to avoid leaks. The Board realizes that leaks can occur and does not desire to create an excessive financial burden for shareholders, but does want shareholders to take responsibility for the condition and operation for the water system on the shareholders side of the meter. Also, future reductions may be possible if the shareholder repairs the leak in a satisfactory manner (by a licensed contractor or has an inspection from the PMMWC Operations Manager), maintains the water lines on the shareholders side of the meter in a reasonable manner (as determined by the PMMWC Operations Manager), and acts to conserve water by shutting off their main water valve when they are not present on their property.

3.3.4.3. Calculation of Water Bill Reduction. If the PMMWC Board of Trustees agrees to reduce a shareholders water bill resulting from a leak, the following formula will be used. 1) The total water usage for the year in question will be reduced by 50% over the base 10,000 gallons and will be recalculated based on this new water usage. 2) A maximum limit will be calculated based on four times the average shareholder's water bill for the previous three years. 3) If the shareholder does not have a three-year history to base the maximum limit on, then the Board will determine a reasonable limit based on the information available to the Board. 4) If the new reduced water bill exceeds \$2000.00 then the maximum limit will be calculated based on 3 times the average shareholder's water bill for the previous three years.

3.3.4.4. Example of Water Bill Reduction. The following is an example of how a shareholder's water bill might be reduced if a first time leak occurred.

- X The shareholder experienced a water usage of 106,550 for the year because of a leak on the shareholders side of the meter. The shareholder has never experienced a leak prior to this time, has always maintained the water lines in a reasonable manner, and had the leak repaired by a licensed contractor. This bill amounted to a total invoice of \$4382.50 (based on rates used in this example).
- X The shareholder had an average water usage for the previous three years of 8,000 gallons and an average yearly invoice of \$305 because the water usage did not exceed the base usage rate of 10,000 gallons a year.
- X The new water bill will be calculated as follows:
 - First 10,000 gallons at \$305.00
 - 50% of the water usage over 10,000 gallons $((106,550 \text{ gals.} - 10,000 \text{ gals.})/2)$ or 48,275 additional gallons charged.
 - Next 10,000 gallons @ \$15/1000 gallons = \$150.00
 - Next 10,000 gallons @ \$30/1000 gallons = \$300.00
 - Next 20,000 gallons @ \$40/1000 gallons = \$800.00
 - Next 8,275 gallons @ \$50/1000 gallons = \$413.75
 - Total possible water bill = \$1968.75
 - Maximum limit is 4 times \$305 = \$1220.00
 - **New reduced water bill = \$1220.00**

3.3.5. Collection of Delinquent Service Charges. Any service fees or other charges imposed by the Company shall be delinquent if not paid on or before April 30 of each year or 30 days after receipt of the bill, whichever is later.

3.3.5.1. Late Fee and Interest Charges. Delinquent assessments will be charged a Late Fee of \$25.00 and will bear interest at the rate of 1.5 percent per month. In addition the shareholder shall be responsible for all advertising and collection costs and other related expenses including attorney's fees.

3.3.5.2. Payment of Fees Over Time. The Shareholder may request in writing that fees be paid over a period of time, not to exceed the end of the current year. The \$25 Late Fee will be assessed and interest at the rate of 1.5 percent per month will be charged. If the payments are made in a timely manner, the shareholder will not be considered a delinquent account.

3.3.5.3. Notice of Delinquency. If any portion of an assessment remains unpaid on the day

when the assessment becomes delinquent and the Shareholder has not requested in writing to pay the fees over time, the Board Secretary shall prepare a list of all delinquent stockholders for publication sale of stock in accordance with the Company's By-Laws.

3.3.5.4. Publication of Notice of Delinquency. The Notice of Delinquency shall be published for at least two (2) weeks prior to the date of sale of the stock for delinquent assessments, and the first publication of said notice shall be published at least fifteen (15) days prior to the actual date of sale of the stock. In addition, the Board Secretary shall also mail an Individual Notice of Delinquency to each of the stockholders identified in the Notice of Delinquency as approved by the Board.

3.3.5.5. Termination of Services for Nonpayment. The Notice of Delinquency shall also state that if the assessment is not fully paid within 10 days of the date of the notice, the Company shall have the right to immediately shut off the water to that residence, lot, unit or property, to which the share of stock is appurtenant and on which the assessment has not been paid, and further that if the assessment remains unpaid on the date set for delinquency, then the shares will be advertised for sale at public auction.

3.3.5.6. Public Sale of Stock for Nonpayment. The stock described in the Notice of Delinquency shall be sold to the Company at an auction open to the public following the procedure set forth in the Company's By-Laws. The Company is authorized to purchase the shares in consideration for all past due assessments. The Lot previously served by the sold share will no longer have an appurtenant water share and will not be entitled to the delivery of water.

3.3.5.7. Resale of Stock to Owner. The Company may resell such shares at any time, but

only to the owner of the lot to which such shares were formerly appurtenant, or to the successor-in-interest of such owner. The price of the stock sold to the owner shall reflect a price of 110 percent of the amount of the past due assessments (including assessments made while the stock is held by the Company), together with accrued interest, a \$50.00 Resumption of Service Fee, and other expenses incurred, including attorney fees, if any.

3.4. **Connection Fees.** No Shareholder shall be allowed to connect onto the Companies water system or take water therefrom until he/she has paid the required connection fee that shall be established by the Board and is subject to change from time to time. (See fee schedule)

3.4.1. One Dwelling Unit per Meter. Not more than one Dwelling Unit shall be connected to any one meter without the prior written approval of the Company.

3.4.2. All Uses Metered. All uses of water from the Companies system, except fire fighting use from fire hydrants and water furnished from the hydrant tap at Bobcat Spring, shall be metered.

3.4.3. Setting of Meter. The service lateral on the Companies side of the meter and meter connection shall be installed by the Company if and when all applicable fees have been paid.

3.4.3.1. Inspection of Meter Theft of Water. No water shall be taken through the meter until the Company has inspected and approved the service connection. In the event a Shareholder commences to use water from the Companies water system by circumventing a meter or without a meter, such use is unlawful and shall constitute a theft of service and shall be punished in accordance with the laws of the State of Utah. Because of the difficulty of determining the actual value of the unmetered water used, the Company finds that \$500 is a reasonable penalty to assess for the use of the water.

3.4.3.2. Required Valve. A shutoff valve shall be installed on the distribution line to shut

off water from the distribution system prior to the meter. A stop and waste shut off may be installed at the connection of the meter yoke to the Shareholder's service line on the Shareholder side of the meter yoke.

3.4.4. Meter and Service Inspection Access. By connecting to the water system and agreeing to receive water service therefrom, each Shareholder shall be deemed to have granted to the Company reasonable access to the Shareholder's property to read meters and inspect for Shareholder compliance with conditions for water service.

3.4.4.1. Meter Reading and Fee for Re-reading Meter. Meters shall be read as often as deemed appropriate by the Company. If a Shareholder believes that a meter reading is in error the Shareholder may request that the meter be re-read to confirm or correct the original reading. If the second meter reading confirms the original reading the Shareholder will be charged a fee of \$25.00 to compensate the Company for the cost of re-reading the meter.

3.4.4.2. Access to Meters Unobstructed. Shareholders shall not obstruct in any way the ability of authorized Company personnel to gain access to water meters for periodic inspections, reading, and maintenance. The cost to the Company to remove any physical obstructions shall be charged to the Shareholder.

3.4.5. Meter Estimates. If a meter malfunctions or is not read due to weather conditions when it is not possible to read a meter, charges may be estimated by comparing the past known water usage through the water meter to that of adjoining or similar properties where past and current months use is known or by reference to the past water usage through the water meter during a corresponding time of the year.

3.4.6. Meter Testing. If a Shareholder contests the accuracy of a water meter the meter shall

be removed and tested according to AWWA Standards. If the meter is accurately calibrated or under-reading, the Shareholder shall be charged \$100.00 to compensate the company for all direct and indirect costs incurred by the Company in the removal, replacing, testing, and recalibrating the contested meter and the charges shall be treated as a service fee. If the water meter is over-reading by more than 3%, there will be no charge for the testing or repair to the meter. Appropriate adjustments based on the extent of the overcharging to the Shareholder will be made to the Shareholders next water bill. No adjustment shall be made for a period more than one year prior to the date of the repair to the meter.

3.4.6.1. Acceptable Margin of Error. Meter errors of three percent (3%) or less shall be deemed to be accurate readings, warranting no adjustments.

3.4.7. Meter Tampering. No person shall tamper with or bypass any water meter for the purpose of causing it to produce inaccurate readings or for bypassing the meter so as to obtain unmetered water. Compliance with this section is an express condition of service from the Company.

3.4.8. Willful Consumption of Unmetered Water. Willful consumption of water through a water meter known to be damaged, bypassed, or tampered with is unlawful and shall constitute a theft of service and shall be punished in accordance with the laws of the State of Utah. Because of the difficulty of determining the actual value of the unmetered water used, the Company finds that \$500 is a reasonable penalty to assess for the use of the water.

3.5. **Termination of Service.** The Company will make every effort to provide continuous service during the approved period of service, but it may become necessary from time to time as described below to terminate service.

3.5.1. Temporary Suspension of Service. The Company hereby reserves the right at any time

to shut off the water anywhere within its water system for the purpose of making any repairs and/or extensions, or because of interruption of water service due to the scarcity of water, damage to any water work or facility of the Company, or any other cause beyond the reasonable control of the Company.

3.5.1.1. Waiver of Liability. Each water user waives any cause of action against the Company because water service is suspended temporarily for emergency work or other repairs, and no claim or cause of action shall be made against the Company because water service is suspended.

3.5.2. Termination of Services for Violation of Rules and Regulations. In the event of material or persistent violations of the Rules and Regulations, the Company may terminate water service to any Shareholder.

3.5.2.1. Notice of Violation. Except in emergency situations, the Company will first provide the Shareholder with written notice of the violation of the Rules and Regulations and will provide the Shareholder an opportunity to cure the default within 30 days prior to the service being terminated.

3.5.2.2. Hearing. The Shareholder may request a hearing before the Board regarding any such violation of the Rules and Regulations, which hearing shall be held before service is terminated.

3.5.2.3. Notification Period. In the event a violation of the Rules and Regulations is not corrected within the notification period, the Company shall terminate water services to the premises involved.

3.6. **Sale or Transfer of Premises**. Each Shareholder shall immediately report in writing to the Companies business office the sale or transfer of any property and request the

termination of service to the premises. Failure to provide such written notice shall result in liability for the costs of continuing services.

3.6.1. Reading Meter at Transfer. The Company, upon receipt of this written notice and request, shall read the meter, weather conditions permitting, and shall, at its option, close the shutoff valve and terminate water service to the unit or facility. Where it is not possible to read the meter, the Company shall estimate the metered use.

3.6.1.1. New Application Required. The Subsequent Shareholder/Applicant of the service premises shall be required to make written application for renewed water service and shall agree to pay the service fees and other charges imposed by the Company and comply with all Rules and Regulations of the Company.

3.6.1.2. Service Resumed. Upon compliance with all of the foregoing terms and conditions of this subsection, water service shall be restored to the premises.

3.6.2. Resumption of Service Fee. A \$50 Resumption of Service Fee will be charged all new and existing Shareholders when the water service is restored to the premises. The Company must receive the Resumption of Service Fee before water service will be restored.

3.7. **Fire Hydrants**. An individual may not withdraw water from any fire hydrant without the written permission of the Company and without being in compliance with the Uniform Fire Code adopted by Summit County.

3.7.1. Theft of Water . Unauthorized Connection. Any unauthorized connection to and use of water from a fire hydrant shall be a violation of these regulations and is unlawful and shall constitute a theft of services and shall be punished in accordance with the laws of the State of Utah. Because of the difficulty of determining the actual value of the unmetered water used, the Company finds that \$500 is a reasonable penalty to assess for the unauthorized use of the

water.

3.8. **Sale of Water Outside Companies Service Area.** It is the policy of the Company to provide water services only to those properties owned by shareholders within its Service Area from the effective date of the Rules and Regulations.

3.8.1. Prohibited Service. Any Shareholder providing water services not authorized by specific agreement with the Company to entities outside of the Company's Service Area shall be in violation of these Rules and Regulations, and such action is unlawful and shall constitute a theft of service and shall be punished in accordance with the laws of the State of Utah.

Because of the difficulty of determining the actual value of the water used, the Company finds that \$500 is a reasonable penalty to assess for the use of the water.

3.9. **Landlord's Liability for Tenants.** The owner of record of any rented or leased property or property occupied by persons other than the owner of record served by the Company shall be responsible for payment of the water service fees and other charges incurred by the Tenant or any other party in possession of the structure receiving service.

3.9.1. Termination of Service Authorized. If there remains an unpaid balance of service fees and other charges upon the vacation of the premises by the Tenant which Tenant does not pay at the time of termination, the Company may terminate water service to the premises and shall not be required to restore service until all delinquent service fees and other charges have been paid in full by the Shareholder, including the costs of collection and reasonable attorney's fees. The Company shall also be entitled to charge a Resumption of Service Fee that the Shareholder shall be required to pay before service will be restored. (See fee schedule.)

3.10. **Violation of Rules to Waste Water.** It is a violation of these Rules and Regulations to waste water and to allow any appliance, fixture, equipment, faucets, or other similar

water using facility to leak, overflow, or operate in a wasteful manner or for a Shareholder to use water for purposes other than indoor use. Wasting water shall include allowing taps or faucets to run for an unreasonable length of time or simply for circulation, using water to drive or propel any motor, turbine, elevator, or propel machinery of any kind, and permitting the use of water on any other property for any purpose.

3.10.1. Violation of Rules. Shut Off Service. For violation of these Rules and Regulations, the Company shall be entitled to shut off water service or to file an action to require compliance with these Rules and Regulations by injunctive and other appropriate relief and recover all costs of every kind incurred by the Company, including investigative, engineering, and attorney's fees.

3.10.2. Shut Off Main Water Valve When Property Not Occupied: It is suggested that each Shareholder shut off the main water valve to the property when the property will not be in use for extended periods of time. This will help prevent wasting water, excess water usage fees caused by a water leak, or possible property damage caused by a leak.

3.11. **Back-flow Prevention and Cross-Connection Control.** All water connections to the Company's system, regardless of when made, shall have installed a back-flow prevention device in order to protect the safe drinking water quality of the system in compliance with the Uniform Plumbing Code in effect in Summit County, Utah.

3.11.1. Approved Devices Required. All back-flow prevention devices shall be of a type or kind approved by the Utah Department of Environmental Quality. The Company shall provide and install the initial back-flow assembly device at the meter at the Company's expense as part of the new meter installation and hookup. Such devices shall be inspected and

maintained by the Company at no additional cost to the Shareholder.

3.11.2. All Shareholders Shall Comply. All Shareholders shall comply with the Back-flow Prevention and Cross Connection Rules and Regulations of the Safe Drinking Water Committee of the State of Utah and these Rules and Regulations.

SECTION 4: MISCELLANEOUS RULES

- 4.1 Lot Combinations.** Legally combined lots shall be considered as one lot with respect to payment of the fees starting the year following the date the lots were combined.
- 4.2 Amendments to Rules.** These Rules and Regulations may be changed and amended from time to time by appropriate action of the Board. No exceptions to these rules will be permitted without the prior written approval of the Board.
- 4.3 Emergency Situations.** In times of water shortage due to drought or any other natural or man-made conditions or occurrences, the Company shall have full authority to declare a water emergency and to ration or otherwise regulate the distribution and use of water from the Company's system. Such action by the Board may include a moratorium on new water connections until the emergency has been alleviated.
- 4.4 Relationship with Articles and By-Laws.** These Rules and Regulations are intended to supplement the Company's Articles of Incorporation and By-Laws. In the event of a conflict between the Articles or By-Laws and any of these Rules and Regulations, the provisions of the Articles and By-Laws shall control.
- 4.5 Savings Clause.** If any section, subsection, sentence, clause, or phrase of this resolution is for any reason held to be invalid by a court of law, such determination shall not affect the validity of the remaining portions of this resolution, which shall remain binding and enforceable against the Shareholders of the Company.

4.6 Effective Date. In consideration of the rapid development of the land within the Company's service area, the Company believes that an emergency exists and that it is necessary for the health, safety, peace, and general welfare of those individuals requesting service from the Company that this resolution take effect immediately. Therefore, this resolution shall be in full force and effect from and after the date of passage and adoption by Pine Meadow Mutual Water Company.

Passed and unanimously adopted this 24 day of April, 2002.

BOARD OF TRUSTEES:

PRESIDENT: George Sears

VICE PRESIDENT: Paul O. Allen

SECRETARY: Tracy Schilly

BOARD MEMBER: Eric Cylvick

BOARD MEMBER: Dan Heath