

TARIFF NO. 3

FOR

WATER SERVICE

HI-COUNTRY ESTATES HOMEOWNERS ASSOCIATION
7691 W. SHAGGY MOUNTAIN ROAD
HERRIMAN, UTAH 84096

Drinking Water System # Utah18147
CPCN # 2737

Table of Contents

A. Preliminary Statement.....	3
B. Service Rate Schedule.....	3
1. Applicability.....	3
2. Residential Rate Schedule.....	4
3. BLM Rate Schedule.....	5
4. Emergency Backup Water.....	5
5. Base Rate.....	6
6. Water Consumption Rates.....	6
7. Monthly Standby Fee.....	6
8. Service Connection Fee.....	6
9. Temporary Service Suspension Fee.....	6
11. Account Transfer Fee.....	6
12. Meter Test Fee.....	6
13. Customer Late Fee.....	6
14. Security Deposit.....	7
16. Insufficient Funds Fee.....	8
17. Active Meter Replacement Fee.....	8
18. Outside Service Connection Review Deposit.....	8
C. Conditions of Service.....	8
1. Water Service Agreement.....	8
2. Standard Service Connection.....	8
3. Nonstandard Service Connection.....	9
4. Unauthorized Use Prohibited.....	10
5. Service Line and Use Restrictions:.....	10
6. Metering of Service.....	11
7. Temporary Service Suspension.....	11
8. Reconnection.....	11
9. Disruption Liability.....	12
10. Damage to Facilities.....	12
11. Reading of Meters.....	12
12. Discontinuance of Service.....	12
13. Regulated Usage.....	12
14. Demarcation of Ownership.....	13
15. Co-mingling.....	13
16. Water Supply.....	13
17. Fire Protection.....	13
D. Billing.....	13
1. Billing and Payments.....	13
2. Standby Customer Billing.....	14
3. Delinquent Accounts.....	14
E. Facility Extension Policy.....	14
1. Definition.....	14
2. Costs.....	15
3. Construction Standards.....	15
4. Ownership.....	15
5. Temporary Service.....	15
F. Termination.....	15
1. Reasons for Termination.....	15
2. Restrictions upon Termination Practices.....	16
3. Termination without Notice.....	17
4. Termination with Notice.....	17
5. Customer Requested Termination.....	18
G. Changes and Amendments.....	18
H. Operation of the Company.....	18
I. Capital Reserve Accounting Requirements.....	18
J. Service Area Map.....	20
K. Approximate Service Area Overlay on Topo Map.....	21
L. Service Area Legal Description.....	22

A. Preliminary Statement

1. Hi-Country Estates Homeowners Association (the “Company”) was granted Certificate of Public Convenience and Necessity No. 2737 on March 23, 1994, by the Utah Public Service Commission (the “PSC” or “Commission”) in Docket No. 94-2195-01. On May 14, 1996, based on an order of the Commission in Docket No. 95-2195-03, the Commission issued Letter of Exemption No. 0057 to the Company. From May 14, 1996, until July 12, 2012, the Company operated as an exempt water corporation and water rates and rules and regulations were set by the Board of Directors of the Company. On July 12, 2012, in Docket No. 11-2195-01, the Commission entered a Report and Order revoking Letter of Exemption No. 0057 and reinstating Certificate of Convenience and Necessity No. 2737. This Tariff applies to customers of the the Company within its service area and customers under special contract. A map of the Company’s service area is attached to this Tariff.
2. Copies of this Tariff are available from the Company for a nominal copying charge.

B. Service Rate Schedule

1. *Applicability.* The Rate Schedule in paragraph B.2 is applicable to the portion of the service area served by existing Company infrastructure for culinary water service at a single point of delivery for use on a single parcel and for no more than a single dwelling unit. The contract rates for the U.S. Bureau of Land Management (“BLM”) are set forth in paragraph B.3.

2. Residential Rate Schedule.

NEW RATE SCHEDULE	
Water Charges	
Monthly User Fee (base rate)	\$78.00
Monthly Water Consumption Rates (per 1,000 gallons):	
0 gal to 10,000 gal	\$0.54
10,001 gal to 20,000 gal	\$0.81
20,001 gal to 30,000 gal	\$ 1.22
30,001 gal to 40,000 gal	\$ 1.82
40,001 gal to 50,000 gal	\$ 2.73
50,001 gal plus	\$ 4.10
Monthly Standby Fee	\$31.75
Emergency Backup Water Rate (per 1,000 gallons)	\$2.33
Service Connection Fee	\$750.00
Temporary Service Suspension Fee	\$50.00
Reconnection Fee (after disconnect)	\$250
Account Transfer Fee	\$25.00
Meter Test Fee	\$10.00
Customer Late Fee	\$10.00 per month or 18% APR of the delinquent balance, whichever is greater
Security Deposit	\$150.00
Insufficient Funds Fee	\$25.00
Active Meter Replacement Fee	\$300.00
Outside Service Connection Review Deposit, subject to true-up All special contracts will be addressed on a case-by-case basis, must cover the full costs involved in providing the contracted service, and must be approved by the Commission before taking effect.	\$10,000.00

Date Filed: July 22, 2014

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3. *BLM Rate Schedule.*

BLM RATE SCHEDULE	
Annual Fee	\$0
Monthly User Fee (base rate)	\$78.00
Monthly Water Consumption Rates (per 1,000 gallons):	
0 gal to 10,000 gal	\$0.54
10,001 gal to 20,000 gal	\$0.81
20,001 gal to 30,000 gal	\$ 1.22
30,001 gal to 40,000 gal	\$ 1.82
40,001 gal to 50,000 gal	\$ 2.73
50,001 gal plus	\$ 4.10
Service Connection Fee	\$750.00
Temporary Service Suspension Fee	\$50.00
Reconnection Fee (after disconnect)	\$250
Account Transfer Fee	\$25.00
Meter Test Fee	\$10.00
Customer Late Fee	\$10.00 per month or 18% APR of the delinquent balance, whichever is greater
Security Deposit	\$150.00
Insufficient Funds Fee	\$25.00
Active Meter Replacement Fee	\$300.00
Emergency Backup Water Rate (per 1,000 gallons)	\$2.33
Outside Service Connection Review Deposit, subject to true-up All special contracts will be addressed on a case-by-case basis, must cover the full costs involved in providing the contracted service, and must be approved by the Commission before taking effect.	\$10,000.00

4. *Emergency Backup Water.* When the system is connected to the second source (from Herriman), the additional cost will be passed through to the customers as a surcharge on the following month's bill. The surcharge charge will be based upon the customer's usage during the month that the second source is in use. The application of the surcharge shall be applied as follows:

- a. If the connection is required due to a lack of supply based upon domestic usage then the surcharge will be charged to customers using water during the month. The surcharge will be calculated as the proportional share of the additional costs from the second source based on the ratio of each connection's water usage to total usage.

- b. If the connection is required due to emergency response for correcting contamination in the system, then the additional cost from the second source shall be divided among all customers using water. The surcharge will be calculated as the proportional share of the additional costs from the second source based on the ratio of each connection's total water usage to system's total water usage.
 - c. If the connection is required due to emergency response to fight a fire, then the additional cost from the second source shall be divided among all customers, both customers using water and standby customers. The surcharge will be calculated as the total additional costs from the second source divided by the total number of active and standby connections.
5. *Base Rate.* The base rate (or monthly user fee) shall be charged to all customers receiving water from the Company. The base rate does not apply to those customers who have elected to temporarily suspend water service in accordance with paragraph C.7.
 6. *Water Consumption Rates.* The water consumption rates apply to all customers receiving water from the Company. When the customer uses water, the usage shall be charged at the applicable water consumption rate.
 7. *Monthly Standby Fee.* The standby fee applies to each lot within Hi-Country Estates Phase I, Beagley Acres, and South Oquirrh subdivisions that is not receiving water from the Company.
 8. *Service Connection Fee.* The Service Connection Fee shown in this tariff includes a meter, a meter box, a cover, and a valved service line to the property line. The service connection fee is a one-time charge, unless the property is disconnected from the system.
 9. *Temporary Service Suspension Fee.* Temporary service suspension is discussed in paragraph C.7.
 10. *Reconnection Fee.* The reconnection fee shall be charged upon reconnection of service that has been disconnected for any reason. No reconnection connection fee is required for customers recommencing service after a temporary service suspension under paragraph C.7.
 11. *Account Transfer Fee.* The account transfer fee shall be charged to all new property owners within Hi-Country Estates Phase I, Beagley Acres, and South Oquirrh subdivisions.
 12. *Meter Test Fee.* Meter test fees are discussed in paragraph C.6.
 13. *Customer Late Fee.* The customer late fee shall be charged when any portion of a customer's account balance is thirty days or more delinquent. It is the customer's

responsibility to ensure that payments for amounts due are *received by the Company before the account becomes thirty days delinquent*. Delinquency is defined in paragraph D.3.

14. *Security Deposit*. In order to secure payment of water billings, the Company may require a security deposit from an applicant or an existing customer. When a security deposit is required by the Company, such security deposit will be held to be a guarantee fund. The Company may also terminate service to the customer upon failure to pay a required security deposit. The Company shall place all customer deposits in a separate, interest bearing, federally insured account and return the deposit together with the interest accrued following twelve timely payments of monthly billings.

- a. The deposit required of existing customers shall be based upon prior water usage over a 90 day period. The deposit required of new customers shall not exceed the amount shown in the rate schedule. At the time a customer discontinues service, the security deposit plus accrued interest will be applied to any arrears and to the final bill, with any excess refunded to the customer.
- b. Security deposits, when required, shall be due and payable on demand.

15. *Tenants*. In a situation where a property within the Company's service area is leased by the property owner to a tenant, water service will be provided as follows:

- a. If the property owner pays the Company for water service: The property owner shall sign a written Water Service Agreement with the Company and pay a security deposit as described above; the account shall remain in the name of the property owner and the property owner shall pay all amounts owing to the Company for water service as described in this Tariff.
- b. If the tenant pays the Company for water service: If the property owner and tenant desire that the tenant directly pay for water service received from the Company, both the property owner and the tenant must sign a Water Service Agreement with the Company and both the property owner and tenant shall be required to pay a security deposit as described above before the tenant may receive water service. The Company will then send bills (and any other account notices) to both the property owner and the tenant. If the tenant fails to pay any amount owing to the Company, the property owner shall be responsible for making such payment to the Company. In the event that a tenant moves away from the property without paying the amounts owed to the Company for water service received, the property owner shall pay the full amount owing on the account before the Company will provide water service to the property in question. The property owner is, at all times, ultimately responsible for the full and prompt payment of all amounts owing to the Company.

16. *Insufficient Funds Fee.* When a monetary instrument is returned to the Company for insufficient funds, the Company shall charge the customer the Insufficient Funds Fee plus the bank fees charged.
17. *Active Meter Replacement Fee.* This fee may be charged to an active customer not more than once in a ten-year period to pay for replacing or upgrading the meter to such customer.
18. *Outside Service Connection Review Deposit.* This fee is required to be paid with any application for a nonstandard service connection as provided in paragraph C.3 below.

C. Conditions of Service

1. *Water Service Agreement.* All current and new customers, along with current renters, shall be required to complete a Water Service Agreement. If a current Water Service Agreement is not on file, or if a new one is requested, the customer shall be required to provide a signed Water Service Agreement within 10 days of receipt of request. This applies to all customers on the system. Water service may be terminated for failure to provide a signed Water Service Agreement. Water service will not be provided to new customers nor to account transfer customers until the Water Service Agreement has been signed.
2. *Standard Service Connection.* A standard service connection is one where a standby customer seeks a single connection to a Company-owned, active water line within a road or right of way adjacent to the parcel where the service connection is sought. Nonstandard service connections are any other connections sought to the Company's system, including multiple connections and connections outside the Company service area. Any person desiring a standard service connection shall submit the following to the Company: (1) a written, signed application; (2) a Water Service Agreement; (3) all fees due related to the parcel to be served, including unpaid standby fees; (4) a Service Connection Fee (if not previously paid); (5) proof that a dwelling or structure or a building permit to construct a dwelling or structure exists for the parcel to be served; and (6) a detailed description or plans of the water pipelines, valves, and other water infrastructure on the parcel to be served (the "Private Water Facilities"). Upon receipt of all the required materials, the Company shall approve the application unless it has a reasonable belief that the parcel's planned or existing Private Water Facilities pose a risk to the health and safety of the other customers on the system or to the system itself. The Company shall provide the applicant a written explanation of the reasons for rejection of the application. If the applicant corrects the deficiencies in its system and resubmits its application within one year after rejection, no new service connection fee shall be required. In the event a dispute cannot be resolved by negotiation the matter will be forwarded to the Company's legal counsel. Upon approval of an application for standard service connection, the Company will excavate and install the water line from the Company's water main to and including the meter and meter box. The Company

retains sole authority and discretion to determine the location of the meter and meter box on the parcel to be served. All materials furnished and installed by the Company shall remain the sole property thereof.

3. *Nonstandard Service Connection.* Any person desiring a nonstandard service connection shall submit the following to the Company: (1) a written, signed application; (2) a Water Service Agreement for each parcel to be served wherein applicant agrees to pay all fees as required by this tariff; (3) any fees due related to any parcel to be served, including unpaid standby fees, if any; (4) a service connection fee for each connection; (5) proof that a dwelling or structure or a building permit to construct a dwelling or structure exists for the parcel to be served; and (6) a detailed drawing by a professional engineer or registered land surveyor showing, in detail, the existing water system and the proposed build-out on the parcels to be served; (7) a demonstration of ability to provide necessary storage, infrastructure, chemical treatment facilities, and water sources to support the proposed build-out; (8) proof that the Applicant and any existing water system is in compliance with regulations of the State of Utah Division of Drinking Water, state and county health departments, the Utah Plumbing Code, and the Utah PSC, and that all permits required by the above entities have been obtained; (9) proof of sufficient water rights to support the desired connections (if applicable); and (10) an outside service connection review deposit. The outside service connection review deposit shall be used to cover all costs incurred by the Company in reviewing the application for a nonstandard service connection. If these costs do not exceed the outside service connection review deposit, no additional payment shall be required and the excess of the deposit shall be returned to the applicant.
 - a. Upon receipt of all the required materials, the Company may only approve the application if it believes that the proposed connection will not pose a risk to the health and safety of the other customers on the system or to the system itself. The Company shall provide the applicant a written explanation of the reasons for rejection of the application. If the applicant corrects deficiencies and resubmits its application within one year after rejection, no new deposit shall be required, but the applicant shall reimburse the Company for any costs beyond the deposit amount. In the event any dispute cannot be resolved by negotiation the matter will be forwarded to the Company's legal counsel.
 - b. Upon approval of an application for a nonstandard service connection, the Company's engineer shall prepare detailed plans and bid documents for the necessary construction to implement the approved connections, and shall solicit bids for such construction. Applicant shall reimburse the Company's costs to the extent they exceed the deposit amount. Applicant shall place in an escrow account acceptable to, and accessible by the Company, sufficient funds to pay the successful bid amount. Upon payment of the bid amount, the Company will construct the connections. Applicant shall be responsible for all costs associated with such construction, including any costs beyond the escrowed amounts. All materials furnished and installed by the Company shall remain the sole property thereof.

4. *Unauthorized Use Prohibited.* No unauthorized person shall tap any water main or distribution pipe of the Company or insert therein any corporation stop, or any other fixture or appliance or alter or disturb any service pipe, corporation stop, curb stop, gate valve, hydrant, water meter or any other part of the waterworks system or attachment thereto. No unauthorized person shall connect or disconnect any service pipe to or from the mains or distribution pipes of said waterworks system nor to or from any other service pipe now or hereafter connected with said system; nor make any repairs to, additions to, or alterations of any such service pipe, tap, stop cock, or any other fixture or attachment connected with any such service pipe. Any unauthorized tampering of the Company's system shall be grounds for immediate termination of service.
 - a. The owner or occupant of any building or premises entitled to the use of water from the Company shall not supply water to any other building or premises without written permission of the Company.
5. *Service Line and Use Restrictions:* Any and all Private Water Facilities for a standard service connection and distribution pipes and other water infrastructure for a nonstandard service connection may be inspected at any time by the Company or its agent as deemed necessary by the Company.
 - a. Applicants for water service shall furnish, lay, and install, at their own expense, all that portion of the service not provided by the Company, subject however, to supervision and inspection by the Company. Installation shall be inspected and approved by the Company before the service line trench is backfilled. All customers of the Company shall comply with all State of Utah Division of Drinking Water rules and regulations and shall agree to install or have installed, where required by the Utah Department of Health, Utah Plumbing Code, Hi-Country Estates Phase I Water Company, or the Division of Public Utilities, all protective equipment, including but not limited to, backflow preventers, check valves, pressure reducing equipment, and shut-off valves. The expense for the installation is the responsibility of the Applicant.
 - b. The Company's customers shall keep all of the above equipment in good operating condition. All connections shall be tested to maintain appropriate health standards. The expense to have a Company approved tester is the responsibility of the Applicant. In the event that such equipment becomes inoperable, or the Company's water quality is affected, the water service may be disconnected by the Company until such conditions are corrected. Any reconnection and any and all costs incurred in the event of contamination to the Company's water system shall be at the expense of the customer.
 - c. It is recommended that each residential customer install a "Residential Dual Check Valve Backflow Preventer" in their water line downstream of their shutoff valve. This valve is designed to prevent polluted water from entering the potable water system by preventing the reverse flow of water in supply lines. This valve will also protect water heaters in case of pressure drop in

main water lines. It is also recommended that the applicant provide a shut-off valve on each service line in an accessible location separate from the water meter box.

- d. At locations within the service area, where the main line water pressure exceeds 80 psi, and where required by the Utah Department of Health, an approved pressure reducing valve must be installed by the customer. This equipment is to be maintained and kept in good operating condition by the customer.
6. *Metering of Service.* All water delivered by the Company to its customers shall be metered through water meters. Meters may be checked, inspected, or adjusted at the discretion of the Company. Only authorized representatives of the Company shall open meter boxes to turn on or off water except in case of emergency or when special permission is given by the Company. Any unauthorized tampering with a meter may result in an immediate termination of service.
- a. The Company shall make a test of the accuracy of any service water meter upon request of the customer. The cost of the test is identified in the rate schedule sheet. When a customer requests a meter test within twelve months of the date of the last previous test, he may be required to pay the full cost of such a test if the meter is found to record from 97 to 103 percent accuracy under methods of testing that are satisfactory to the Company. Meters that are not within this accuracy range shall not remain in service.
 - b. If the meter fails to register at any time, the water delivered during such a period shall be billed at the minimum rate. In the event a meter is found to be recording outside the acceptable accuracy range, the Company will refund any overbilling if the meter records at more than 103 percent of actual usage, and the customer will pay any under billings if the meter records at less than 97 percent of actual water use. Correction of consumption and billing for inaccurate meters will be limited to six months immediately preceding the date of removal of the meter for testing, except in cases where tampering is evident or access has been denied.
7. *Temporary Service Suspension.* Service may be temporarily suspended by the Company when so requested by a customer in writing. The term of such temporary service suspension shall not be less than three months nor longer than six months. During the period of suspended service, the customer shall be billed at the Monthly Standby Fee rate. Service shall be restored only upon payment in full of the applicable Temporary Service Suspension Fee, shown in the rate schedule, and any past due amounts and required service deposits due from the customer.
8. *Reconnection.* All reconnections are subject to review by the Company. Any reconnections may also be subject to other provisions as defined in this document. Any dispute regarding reconnections will be forwarded to the Company's legal

- counsel. No service connection fee is required for customers recommencing service after a temporary service suspension under paragraph C.7 above.
9. *Disruption Liability.* The Company shall use reasonable diligence to provide continuous water service to its customers, and shall make a reasonable effort to furnish them with a clean, pure supply of water, but the Company shall not be held liable for damages to any customer by reason of any stoppage or interruption of the customer's water supply caused by scarcity of water, accidents, temporary interruptions for alterations, additions, or repairs, acts of God, the acts of the customer, or other causes not reasonably avoidable.
10. *Damage to Facilities.* Costs of any damages resulting from the failure by the customer, or customer's agents or tenants to properly protect the water meter or other Company facilities installed upon the premises, shall be assessed against such customer, or customer's agents or tenants. No one shall tamper with or remove the meter, or interfere with the reading thereof. When any Company equipment is damaged for any reason and where repair, replacement, and/or excavation is required to restore normal water system operation, the actual total cost of making such repairs must be paid in full before water service will be provided to the customer. The Company shall not be liable for any damage to customer property due to low water pressure in the main water lines.
11. *Reading of Meters.* All meters shall be read by the Company monthly and charges shall be based upon meter readings except as provided for below and in paragraph C.6. Customers are required to allow access to said meter for the purpose of reading the meter. Customer's denial of access for the purpose of reading the meter shall be cause for termination of service. During the winter months of November through February, meters shall be read as the weather and accumulated snow permit. In any months that the meters are not read, customers shall be billed at the minimum rate and shall be billed for the accrued actual usage at the next month during which the meter is read, but in no case may a customer be billed for more than 5 months of accrued usage on one bill.
12. *Discontinuance of Service.* Any customer wishing to discontinue service shall notify the Company in writing so that the meter can be read for a final billing. Such final bill shall be due and payable upon receipt. When a customer requests discontinuance of service, the Company shall shut off the 'customer's service line at the meter box and remove the meter. If the customer later requests to be reconnected to the Company's system, the customer shall be required to pay the Service Connection Fee in addition to any other outstanding debt due to the Company. When a customer seeks discontinuance of service, the Company will assume that they are permanently leaving the system.
13. *Regulated Usage.* Whenever the Company shall determine that the amount of water available to its distribution system has diminished to such a volume that, unless restricted, the public health, safety and general welfare is likely to be endangered, it may prescribe rules and regulations to conserve the water supply of

all users during such emergency. Such rules and regulations may include, but not be limited to, the restriction to certain hours for, or total prohibition of, the use of water for outdoor watering.

- a. At such time of water restrictions, properties within the Company's service area shall be first for service. All other connections may be limited or terminated as needed until such time restrictions are lifted by the Company or its agent. The Company or its agent shall not be liable for any damages to customers or to customer property due to non-delivery or limited delivery of water resulting from diminished volumes of water in the Company's system.

14. *Demarcation of Ownership.* The Company shall own the input supply line to the meter, the meter, the meter yoke, the meter box, and, where installed by the Company, the backflow preventer. The customer shall own all of the line from the point where such line attaches to Company owned equipment. The Company shall not be responsible for the repair or maintenance of customer owned lines. However, if the Company determines repairs are needed on the customer owned lines, the Company may terminate service until such time as the repairs are corrected at the expense of the customer.

15. *Co-mingling.* Water supplied to the Company's system by a customer shall meet all drinking water and EPA standards. The Company's water system shall not be used for co-mingling purposes of water supplied by a customer of the Company for the purposes of modifying the water quality of said customer's water to meet drinking water and/or EPA standards.

16. *Water Supply.* For customers requiring more than (200,000) gallons per year, the customer must provide, at its expense, an approved source capable of supplying the amount of water required and the infrastructure required to supply the water to Company's system. Additionally, the Company must be allowed to control access to the supply source including installation of all monitoring and control equipment required, at the customer's expense. This provision does not apply to the BLM.

17. *Fire Protection.* The Company shall supply water for fire protection to only those customers within the Company's service area and to other customers under contract with the Company to supply water for fire protection.

D. Billing

1. *Billing and Payments.* Bills covering the charges shall be rendered monthly and shall be due 20 days after being rendered. If any customer neglects or refuses to pay the water service bill or any other obligation due to the Company by the due date of said bill, the account shall be considered delinquent and shall be governed by paragraph D.3 and subject to termination according to Section F.

2. *Standby Customer Billing.* Standby billings shall cover the period of the previous month.
3. *Delinquent Accounts.*
 - a. An account with a bill that has remained unpaid beyond the statement due date is delinquent.
 - b. When an account is a delinquent account, the Company shall issue a written late notice to inform the customer of the delinquent status. A late notice or reminder notice must include the following information:
 - (i) A statement that the account is a delinquent account and should be paid promptly;
 - (ii) A statement that the customer should communicate with the Company with any questions concerning the account;
 - (iii) A statement of the delinquent account balance, using a clearly identifying term such as “delinquent account balance.”
 - c. When the customer responds to a late notice or reminder notice the Company shall investigate disputed issues and shall attempt to resolve the issues by negotiation. During this investigation and negotiation no other action shall be taken to terminate the water service if the customer pays the undisputed portion of the account subject to the Company’s right to terminate pursuant to paragraph F.3, Termination Without Notice.
 - d. If a dispute cannot be resolved by negotiation, the matter will be forwarded to the Company’s legal counsel. All collection costs will be the responsibility of the customer.
 - e. As an additional means for collecting delinquent accounts, the Company may file a lien, as allowed in the customer’s signed Water Service Agreement or by law, on the parcel of property serviced in the amount of the delinquency plus interest and collection costs.
 - f. If a tenant is receiving water service from the Company, the property owner remains responsible for all charges owing to the Company as described in Section B.15.

E. Facility Extension Policy

1. *Definition.* An extension is any continuation of, or branch from, the nearest available existing line of the Company, including any increase of capacity of an existing line to meet the customer’s requirements.

2. *Costs.* The total cost of extensions, including engineering, labor, and materials, shall be paid by the applicants. Sufficient valves and fire hydrants must be included with every installation.
3. *Construction Standards.* Minimum standards of the Company shall be met, which standards shall also comply with the standards of the State of Utah Public Drinking Water Regulations, the Utah Department of Health Requirements, the Utah Plumbing Code, and the Division of Public Utilities Requirements and the Utah State Bureau of Environmental Health. Pipe sizes shall be designated by the Company, but the size shall never be smaller than 6 inches in diameter. The pipeline shall be installed only along dedicated streets and highways. All costs related to construction are the sole responsibility of the applicant.
4. *Ownership.* Completed facilities shall be owned, operated, and maintained by the Company, including and through the meters. Title to completed facilities shall be transferred to the Company before any service shall be provided.
5. *Temporary Service.* The customer will pay the total cost for the installation and removal of any extension for service to a venture of a temporary or speculative nature as outlined in this document. Such costs will be estimated and paid by the customer, only upon approval of the Company as is outlined in this document, before work is begun on the extension.

F. Termination

1. Reasons for Termination.

a. Permitted Grounds for Termination:

- (i) Nonpayment of a delinquent account that is 90 days old or older;
- (ii) Nonpayment of a deposit where required;
- (iii) Failure to comply with an order of the Company;
- (iv) Unauthorized use of or diversion of water service or tampering with wires, pipes, meters, or other equipment;
- (v) Subterfuge or furnishing of false information in connection with obtaining water service;
- (vi) Failure to sign a Water Service Agreement (paragraph C.1);
- (vii) Denial of access to the water meter for the purpose of reading said meter.

b. *Prohibited Grounds for Termination.*

- (i) A delinquent account, accrued prior to the commencement of a divorce or separate maintenance action in the courts, in the name of a former spouse, cannot be the basis for termination of the current customer's service.
- (ii) Cohabitation of a current customer with a delinquent account holder who was previously terminated for non-payment, unless the current and delinquent account holders also cohabited during the time the delinquent account holder received the Company's service, whether the service was received at the current customer's present address or another address;
- (iii) When the delinquent account balance is less than \$25.00, unless no payment has been made for two months;
- (iv) Failure to pay an amount in bona fide dispute before the Company, which has been referred to the Company's legal counsel.

2. *Restrictions upon Termination Practices.*

- a. The Company shall not employ termination practices other than those set forth in these rules. The Company shall have the right to employ or pursue legal methods to ensure collections of obligations due it.
- b. *Restrictions upon Termination During Serious Illness.*
 - (i) Water service may not be terminated and will be restored if terminated where termination will cause or aggravate a serious illness or infirmity of a person living in the residence. Water service will be restored or continue for one month or less as stated in paragraph C.2.
 - (ii) Upon receipt of a physician's statement, either on a form obtained from the Company or on the physician's letterhead stationery, identifying the health infirmity or potential health hazard, the Company will continue or restore water service for the period set forth in the physician's statement or one month, whichever is less; however, the person whose health is threatened or illness aggravated may petition the Company for an extension of time.
 - (iii) During the period of continued service, the customer is liable for the cost of water service. No action to terminate the service may be undertaken, however, until expiration of the period of continued service.
- c. *Restrictions upon Termination to Residences with Life Supporting Equipment.*
 - (i) The Company shall not terminate service to a residence in which the customer or a resident is known by the Company to be using a iron lung, respirator, dialysis machine, or other life supporting equipment. Customers eligible for this protection can obtain it by filing a written

notice with the Company. The Company reserves the right of inspection of such life supporting equipment. Thereupon, the Company shall mark and identify all meter boxes when this equipment is used.

3. *Termination without Notice.*

- a. Any provision contained in these rules notwithstanding, the Company may terminate water service without notice when, in its judgment, a clear emergency or serious health or safety hazard exists for so long as the conditions exist, or where there is unauthorized use or diversion of water service or tampering with wires, pipes, meters, or other equipment owned by the Company. The Company shall immediately attempt to notify the customer of the termination and the reasons therefore. The Company or its agent shall not be liable for any damages to customer or customer property due to connections which result from termination of water service from the Company's system.

4. *Termination with Notice.*

- a. *First Notice:* At least ten calendar days prior to a proposed termination of water service, the Company shall give the customer written notice of disconnection for nonpayment. The ten-day time period is computed from the date the notice is postmarked. The notice shall be given by first class mail or delivery to the premises and shall contain at a minimum the date on which payment arrangements must be made to avoid termination.
- b. *Second Notice:* At least 48 hours prior to the time when termination of service is scheduled, the Company shall make good faith efforts to notify the customer or an adult member of the household, by mail, by telephone, or by a personal visit to the residence. If personal notification has not been made, either directly by the Company or by the customer in response to mailed notice, the Company shall leave a written termination notice at the residence. Personal notification, such as a visit to the residence or telephone conversation with the termination party, is required only during the winter months, October 1 through March 31. Other months of the year, the mailed 48 hour notice may be the final notice prior to termination.
- c. *Notice Posting:* For all residential premises when a person other than the occupant is the customer and that fact is known to the Company, the Company shall post a notice of proposed termination on the premises in a conspicuous place and shall make reasonable efforts to give actual notice to the occupants by personal visits or other appropriate means at least five calendar days prior to the proposed termination. This notice provision applies to residential premises where the customer has requested termination or the customer has a delinquent bill. If nonpayment is the basis for the termination, the Company shall also advise the tenants that they may continue to receive water service

for an additional 30 days by paying the charges due for the 30-day period just past.

- d. *Expiration of Notice:* Upon expiration of the notice of proposed termination, the Company may terminate water service. The Company or its agent shall not be liable for any damages to customer or customer property due to termination of water service from the Company's system.

5. *Customer Requested Termination.*

- a. A customer shall advise the Company at least three days in advance of the day on which service is to be disconnected. The Company shall disconnect the service within four working days of the requested disconnect date. The customer shall not be liable for the services rendered to or at the address or location after the expiration of the four days.
- b. *Non-occupant Customers:* A customer who is not an occupant of the residence for which termination is requested shall advise the Company at least ten days in advance of the day on which disconnection is desired and shall sign an affidavit that the customer is not requesting termination as a means of evicting tenants. Alternatively, the customer may sign an affidavit that there are no occupants in the residence for which termination is requested, and thereupon the disconnection may occur within four days of the requested disconnection date.

G. Changes and Amendments

1. The right is reserved to amend or add to these rules and regulations as experience may show it to be necessary and as such amendments or additions are proposed by the Company Board of Directors and approved by the Public Service Commission.

H. Operation of the Company

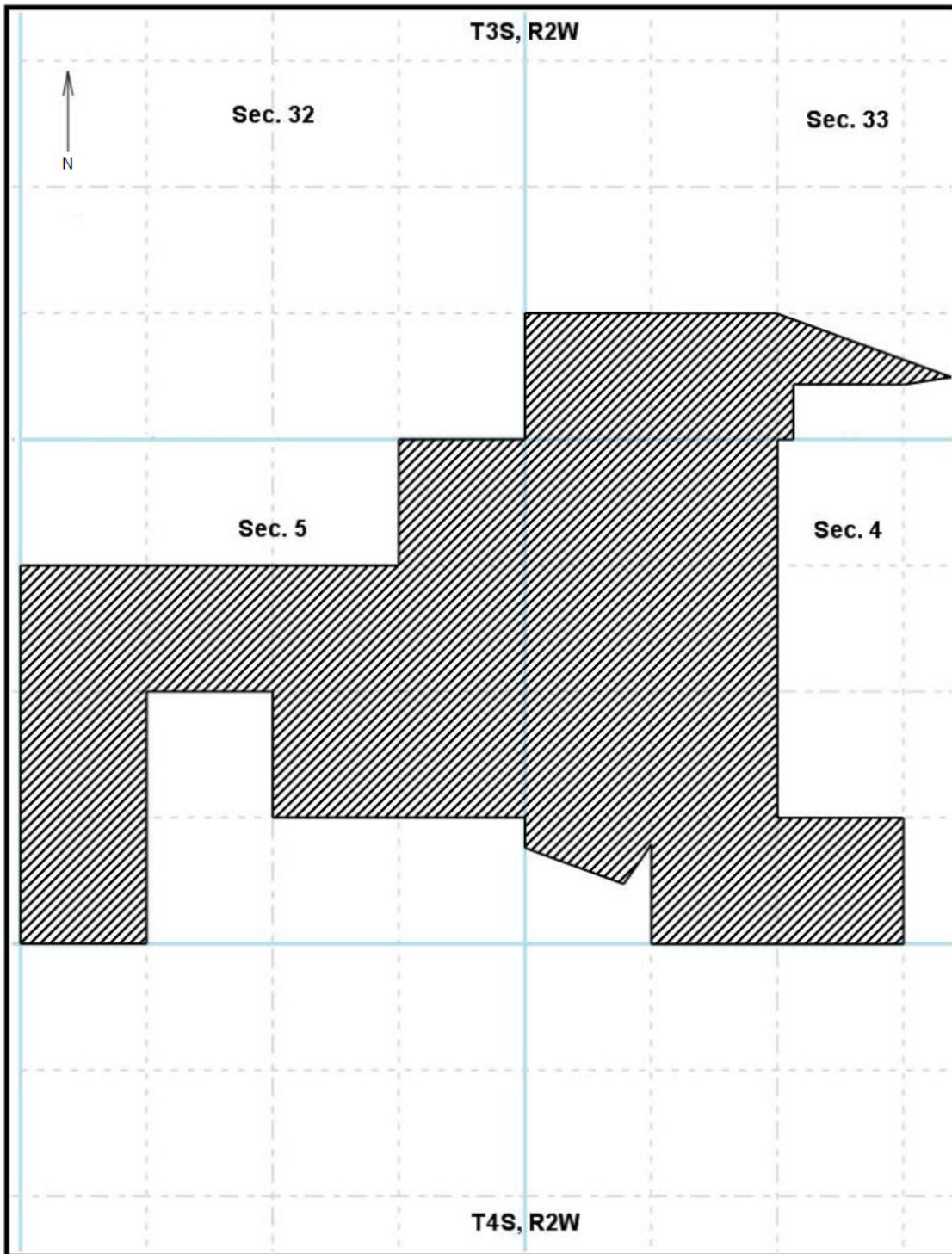
1. As deemed appropriate and at the direction of Hi-Country Estates HOA Board of Directors, the actual operation of the system may be contracted out to a qualified Operator for day to day operations, maintenance, and/or billing.

I. Capital Reserve Accounting Requirements

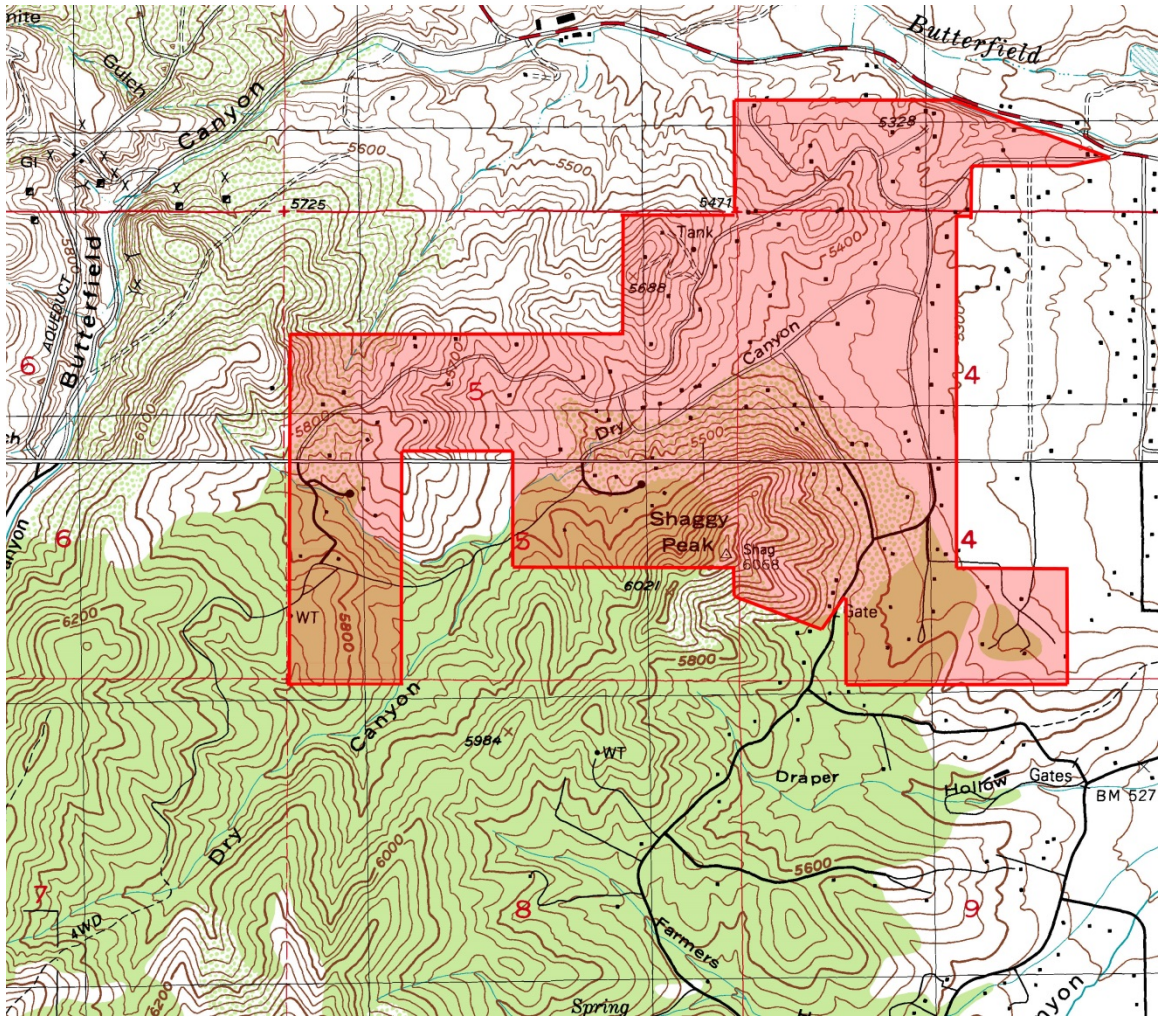
1. *A Capital Reserve Account, targeted to equal the annual depreciation expense, annual amortization of any contribution in aid of construction of the Company's water system assets and equipment, and the amount above the cost of service (i.e., \$.54 per 1,000 gallons) for water consumption rates (together, the "Capital Reserve Fees"), shall be established, subject to the following:*
 - a. *Capital Reserve Fees generated from rates shall be deposited into the Capital Reserve Account, which shall be a restricted account.*

- b. *Deposits to the Capital Reserve Account shall be made at least quarterly using actual amounts collected.*
- c. *Deposits to the Capital Reserve Account shall be made within 30 days of the end of each quarter.*
- d. *Withdrawals from the Capital Reserve Account shall be made for capital replacements and improvements only.*
- e. *In accordance with Utah Administrative Rule R746-401-3A, expenditures in excess of five (5) percent of total Utility Plant in Service shall require the Company to file a report with the Commission, at least thirty (30) days before the purchase or acquisition of the asset or project, and to obtain written Commission approval before transacting such acquisitions.*
- f. *Upon submission of the Annual Report to the Public Service Commission, the Company shall also provide a separate accounting of the Capital Reserve Account. Such detailed accounting, including any copies of bank statements and possible other sensitive information, shall be marked as "confidential."*
- g. *The balance in the Capital Reserve Account shall be clearly identifiable in the financial statements as a restricted account.*
- h. *In identifying a qualifying expenditure for replacement or improvements that may be made from the Capital Reserve Account, the Company shall consider the following guidelines:*
 - (i) *Capital improvements are typically high cost items with long service lives, including, but not limited to, the distribution pipe main lines, storage reservoirs, wells, and surface water intakes. Expenditures that qualify as capital expenditures are those that extend the life of an asset, enhance its original value with better quality materials or system upgrades, or replace such assets.*
 - (ii) *Capital improvements do not include minor expenses such as repair clamps, inventory parts and fittings, spare pieces of pipe kept to facilitate repairs, small tools, maintenance supplies such as paint or grease, service contracts, and other day-to-day supplies. Expenses for these items are properly classified as "operating and maintenance" expenses.*
 - (iii) *Additionally, it is not appropriate to use Capital Reserve Account funds received from existing Customers for system expansion, that is, to extend main lines to serve new areas or new Customers or to install new services. Funds for the expansion of the system should come from new development, impact fees, connection fees, assessments or other sources so that those benefiting from the improvement contribute the funds for its construction.*
- i. *Interest accruing on funds held in the Capital Reserve Account shall become a part of the Capital Reserve Account and can only be used in accordance with this section (a. through j).*

J. Service Area Map



K. Approximate Service Area Overlay on Topo Map



L. Service Area Legal Description

SERVICE AREA BOUNDARY DESCRIPTION

Beginning at the Northeast corner of the Southwest quarter of the Southwest quarter of Section 33, Township 3 South, Range 2 West, Salt Lake Base and Meridian (SLBM), and running thence

- A. West to the Northwest corner of the Southwest quarter of the Southwest quarter of said Section 33;
- B. thence South to the Northeast corner of Section 5, Township 4 South, Range 2 West, SLBM;
- C. thence West to the Northwest corner of the Northeast quarter of the Northeast quarter of said Section 5;
- D. thence South to the Southwest corner of the Northeast quarter of the Northeast quarter of said Section 5;
- E. thence West to the Northwest corner of the Southwest quarter of the Northwest quarter of said Section 5;
- F. thence South to the Southwest corner of said Section 5;
- G. thence East to the Southeast corner of the Southwest quarter of the Southwest quarter of said Section 5;
- H. thence North to the Northeast corner of the Northwest quarter of the Southwest quarter of said Section 5;
- I. thence East to the center of Section 5;
- J. thence South to the Southwest corner of the Northwest quarter of the Southeast quarter of said Section 5;
- K. thence East to the Southeast corner of the Northeast quarter of the Southeast quarter of said Section 5;
- L. thence South to the Southwest corner of Lot 103, Hi-Country Estates Subdivision;
- M. thence /southeasterly to the Southeast corner of said Lot 103;
- N. thence Northeasterly along the East property Lines of Lots 103 and 102, Hi-Country Estates Subdivision to the west line of the Southeast quarter of the Southwest quarter of Section 4, Township 4 South, Range 2 West, SLBM;
- O. thence South to the Southwest corner of the Southeast quarter of the Southwest quarter of said Section 4;
- P. thence East to the Southeast corner of the Southwest quarter of the Southeast quarter of said Section 4;
- Q. thence North to the Northeast corner of the Southwest quarter of the Southeast quarter of said Section 4;
- R. thence West to the Northwest corner of the Southwest quarter of the Southeast quarter of said Section 4;
- S. thence North to the North quarter corner of said Section 4;
- T. thence East to the Southeast corner of Lot 1A, Hi-Country Estates Subdivision;
- U. thence North to the South boundary of Hi-Country Road;
- V. thence Easterly along the South boundary of Hi-Country Road to the South boundary of Utah State Highway U-111;
- W. thence Northwesterly along the South boundary of said highway to the North line of the Southeast quarter of the Southwest quarter of Section 33, Township 3 South, Range 2 West, SLBM;
- X. thence West to the point of the beginning.