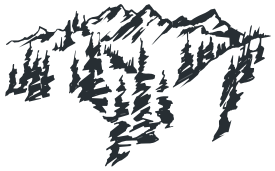
TITLE 6

MOUNTAIN REGIONAL WATER SPECIAL SERVICE DISTRICT of Summit County

Water Rules and Regulations

Revised February 21, 2008



Prepared By
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Mountain Regional Water Special Service District

Mountain Regional Water Special Service District
Water Rules & Regulations

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MOUNTAIN REGIONAL WATER SPECIAL SERVICE DISTRICT
RESOLUTION NO. 2007-4 Adopted on February 21, 2008

A RESOLUTION ESTABLISHING
UNIFORM RULES AND REGULATIONS
FOR THE DISTRIBUTION OF WATER AND RELATED SERVICES

WHEREAS, it is necessary, for the orderly administration of the facilities of the Mountain Regional Water Special Service District ("the District"), to adopt rules and regulations governing water service and operations, the transfer of water rights into the District, the construction and extension of distribution mains, storage and treatment facilities by developers, and the transfer of water sources, facilities and appurtenant easements to the District; and

WHEREAS, to enhance the viability, source capacity, concurrency, water quality, economies of scale, and reliability of water systems in Summit County, Mountain Regional Water Special Service District was formed to provide a means to facilitate this goal through regionalization of water systems, particularly in the Snyderville Basin area; and

WHEREAS, on May 25, 2001, the Summit County Commission passed Resolution 2001-20 MRW, adopting the first set of Rules and Regulations of Mountain Regional Water Special Service District; and

WHEREAS, because of rapid growth of the District, it is necessary to continue to adopt and/or amend rules and regulations for Mountain Regional Water Special Service District that better serve its greater customer base, larger service area, and expanded responsibilities.

NOW, THEREFORE, be it resolved by Board of County Commissioners, acting as the Governing Board of the Mountain Regional Water Special Service District as follows:

1.0 GENERAL

The District hereby adopts the following Uniform Rules and Regulations for the Distribution of Water for the Mountain Regional Water Special Service District, which regulations supplant the formerly adopted Atkinson Special Service District Rules and Regulations, and any formerly adopted Mountain Regional Water Special Service District Rules and Regulations.

2.0 DEFINITIONS

2.1 Administrative Control Board

An administrative board appointed by the Governing Board, consisting of the number of members specified in the District's Governing Ordinance. Each member must be a qualified elector of the District. The powers of the Administrative Control Board are those set forth in Utah Code Ann. §17A-2-1326, (1993) as delegated by the Governing Board through the Governing Ordinance, and those powers necessarily implied. Both the Utah Code and Governing Ordinance may be amended from time to time.

2.2 Applicant for Water Service

A party owning real property within the boundaries or jurisdiction of the Mountain Regional Water Special Service District applying for water services from the District.

2.3 Applicant for Annexation

A party which owns real property proposed for annexation to the District and proposed for water service in connection with the facilities of the District.

2.4 Capital Improvement Reserve Funds

Two reserve funds for capital improvements. One is funded from impact fees whose use is limited to projects and debt service identified in the District's 20 year capital plan created to determine the amount of impact fees. The second is funded from any other cash revenue received by the District not required for operations, debt service, or other District purposes.

2.5 Chief Engineer

An administrative staff position within the District, as designated by the District By-Laws that has primary responsibility for supervision and management of all District water development and improvement projects, including the coordination and administration of all District consulting engineering activities.

2.6 Commitment of Service Letter or Water Letter

According to the County Water Supply Ordinance ("Concurrency Ordinance") the name of this form was changed to Water Availability and Concurrency Letter as defined in 2.7 below.

2.7(a) Water Availability and Concurrency Letter

A letter issued by the District to Summit County on behalf of an applicant, indicating the District's willingness and capability to provide water distribution services to applicant's property. Under the "Concurrency Ordinance", this letter is issued in a form and manor that is compliant with that ordinance.

2.7(b) Will-Serve Letter

A letter issued when the impact fees for a specific lot or development are prepaid. It indicates the District is willing and able to provide water service up to the amount of water prepaid. The Will-Serve letter can be exchanged for a Water Availability and Concurrency Letter (see 2.7 above) when the lot owner is ready to build. If the builder determines at the time a Will-Serve Letter is exchanged for a Water Availability and Concurrency Letter that additional water capacity is needed, the incremental impact fee for this upgrade must be paid by the lot owner prior to the issuance of the Water Availability and Concurrency Letter.

2.7(c) Willing to Serve Letter

A letter provided to a developer that indicates the District currently has the ability and willingness to provide water service to his/her development. A Willing to Serve Letter does not require the prepayment of impact fees and is not legally binding. The letter only indicates that the District has the capacity to serve the development at this time. The District only commits to water service after the required impact fees are paid or the required assets are transferred to the District per these Rules and Regulations.

2.8 Connection Application

An application to be filed by any contractor, person or entity intending to connect individual service lines to the District's culinary and/or irrigation water distribution systems or to repair existing service lines connected to such systems, as required pursuant to Section 7.2 hereof.

2.9 Culinary Water

Water that meets state and federal water quality standards provided through the District's public water systems, regardless of use.

2.10 Customer

The owner of an existing residential, industrial or commercial structure, or irrigated property connected to the District's water distribution system for the purpose of receiving retail water service from the District; the owner of standby lots or property within the District; or a person or entity receiving bulk water for construction.

2.11 Developer

A person or entity that develops a Development.

2.12 Development

A residential, commercial and/or industrial real estate development to be developed within the boundaries of the District which shall receive culinary and/or irrigation water services from the District.

2.13 District

The Mountain Regional Water Special Service District, a political subdivision of the State of Utah, organized and existing pursuant to the authority of Title 17A, Chapter 2, Utah Code Ann. (1953), as amended (the "Act").

2.14 General Manager

Person recommended by the Administrative Control Board and appointed by the Governing Board to fill the position of General Manager as outlined in the Governing Ordinance and By-laws; or any persons employed by the District to whom those responsibilities are delegated as recommended by the Administrative Control Board to the Governing Board for approval.

2.15 Governing Board

The Board of County Commissioners of Summit County, acting in its capacity as the Governing Board of the Mountain Regional Water Special Service District. The powers of the Governing Board are those set forth in the Act, as may be amended from time to time, and those necessarily implied. Specific powers of the Governing Board may by Resolution or Ordinance be delegated to the Administrative Control Board, as provided by law.

2.16 Irrigation Water

Water provided by the District through a separate water system, for outdoor irrigation use, that is not intended for human consumption and may not meet drinking water standards. Irrigation water is meant to be served to larger metered commercial or common type spaces, and therefore should not be confused with typical secondary water systems which provide secondary un-metered irrigation water service to individual residential type customers.

2.17 Rules and Regulations

These Rules and Regulations.

2.18 Service Laterals

The water service pipeline extending from a retail customer's structure or point of use until it connects into a District main pipeline.

2.19 Standby Fee

A fee imposed upon a Developer, lot owner, or to those contractually obligated, that can be serviced by the District but are currently not connected to its system. The standby fee offsets the fixed costs to the District allocable to standby accounts based upon the total number of District connections and standby fees assessed. The standby fee includes operations and maintenance costs, appropriate water lease and reservation fees, and any other cost incurred by the District to ensure the availability of water and to provide for fire flow and property protection capability to standby lots and Developments.

2.20 Summit County Water Project (or "Project")

A new water importation project, owned and operated by the District, which includes the development of a new culinary and irrigation water supply for certain defined areas of western Summit County, and the development, acquisition and construction of water wells, a water treatment plant(s), storage facilities, pipelines, pump stations and related equipment and facilities necessary for the transportation and delivery of the newly developed project water supply for Summit County citizens. Portions or capacity in this project may be sold and/or reserved by Park City Municipal Corporation by separate interlocal agreements for their future use, as delivered by the District. This Project is also known as the Lost Canyon Project, and when expanded to connect with the Rockport Reservoir source, the Rockport Project.

2.21 Theft of Service

A person commits theft if he obtains water service which he knows are only available for compensation by deception, threat, force, or any other means designed to avoid the due payment for the services. Theft of service can range from a class B misdemeanor to a third degree felony, depending upon the amount of the theft as designated in state law. If a person has been convicted of theft of water service in the past, future thefts can be a second degree felony.

Any owner of property where an unauthorized connection to the District's water system has occurred will be fined the theft of service fee.

2.22 Water Distribution System or Facilities

The primary water storage, treatment facilities, transmission lines, wells, springs, tunnels, pump stations, conservation facilities, and other off-site water system improvements and appurtenant facilities owned by the District and utilized to develop, transport and distribute culinary and/or irrigation water to individual customers and users within the District boundaries or jurisdiction.

2.23 Water Service Application and Agreement

A water service application and agreement which is required to be executed by an applicant for culinary and/or irrigation water service from the District as a condition to receiving such service.

3.0 PURPOSE

3.1 Purpose

This resolution has been adopted to promote the orderly construction, operation, maintenance, repair, replacement and enlargement of the water system owned and/or operated by the District and to establish a uniform set of rules and regulations which are contractual conditions for the District to provide water service to water users.

3.2 Services Provided

Subject to the provisions of Section 7.5 of these Rules and Regulations and the availability of funds, water resources and distribution facilities, and further subject to these Rules and Regulations, the District shall provide retail culinary and/or irrigation water distribution services to all properties located within its political boundaries, and may provide wholesale culinary and irrigation water service to property located outside its political boundaries. Service will be provided through facilities, systems and property that may be transferred to or acquired by the District for this purpose through construction, purchase, lease, contract, rental, donation, gift or condemnation, or any combination of the foregoing, or through any other lawful means available to the District under its express or implied powers.

3.3 Retail Water Service Only Within District Boundaries

It is the policy of the District to provide retail water services only to those properties within its political boundaries. Any individual or entity desiring retail water service for property located outside the boundaries of the District must annex into the District and comply with all applicable rules and regulations as set forth herein and as the same may be amended from time to time. Annexation procedures are as follows:

A. Annexation Conference. Prior to filing any petition for annexation to the District with the Governing Board, the owner of the property proposed for annexation shall arrange a conference with the Administrative Control Board and District Management to describe the proposed project, the area proposed for annexation, the number of connections to be served in the proposed project, and any other relevant information requested by the Administrative Control Board or Management at the conference. At or after the conference, the District shall request that the owner of property proposed for annexation sign an agreement to pay the costs and expenses incurred by the District in connection with the annexation and to supply, in writing, specific details concerning the property, the facilities, transmission lines, storage reservoirs, water sources, easements or other property interests and water rights which the owner proposes to dedicate to the District upon annexation. Satisfaction of any such request by the District shall be a condition precedent to the commencement of annexation proceedings.

B. Annexation Costs. The District shall require the owner to make a deposit of funds in an amount which is determined by the District Treasurer to be adequate to compensate the District for the services of a District engineer, hydrologist, attorney, accountant or other service professional deemed advisable by the District to assist in all matters and proceedings relating to the annexation. If, at any time during the annexation process, the entire deposit is spent by the District on legitimate annexation costs, the annexation process shall be stopped until the owner makes an additional deposit, as determined by the District Treasurer.

C. Public Hearings and Review. The Administrative Control Board, and/or Governing Board, at its discretion, shall hold such public hearings as it deems advisable and are required by law to disclose the annexation proposal and related issues to the public and to receive public comment on the proposed annexation and the impacts of the annexation upon the District and its facilities and resources.

D. Information. The District Management, Administrative Control Board and/or Governing Board may request additional information from time to time and may require additional studies, engineering, design or consideration of other material matters by the owner during the process of review of the annexation application. The owner shall provide all requested information at the owner's sole expense. The owner may be required to provide such information as the District deems advisable in the course of its review, including, without limitation:

1. Calculations with respect to the extent and demands of water use on each separate property or parcel proposed for annexation,

2. Restrictions on irrigation and total use,

3. Verification of the hydrologic capacity of sources proposed for transfer or dedication to the District including concurrency capacities and ratings,

4. Such verification of water source capacity as it deems advisable under the circumstances,

5. Information regarding compliance with State of Utah water quality and quantity standards for drinking water, and

6. Information pertinent to the determination of an equitable rate structure for the property proposed for annexation.

E. Recommendation. District management shall make a recommendation to the Administrative Control Board, which in turn shall make a recommendation to the Governing Board concerning the proposed annexation, and define the applicable requirements to be imposed by the District prior to annexation. If the Governing Board does not vote to approve the annexation, the annexation shall be found to be not in the best interest of the District.

F. Compliance with These Regulations. All property owners desiring to annex to the District shall be required to agree to and comply with all applicable provisions of these Rules and Regulations.

G. Other Approvals. No annexation shall be granted unless the District makes a finding approving the water rights, water sources, water rates, easements, property interests, and all other matters determined by the Administrative Control Board, Governing Board and/or District management to be necessary and required to serve the area proposed for the annexation.

H. Value to District. In any instance where the District annexes or acquires a water system or other assets, the District shall consider the value of the water system or other assets to the District, rather than the fair market value of the water system or other assets. Typically, water systems in need of significant repairs, upgrades, or any other improvements, including source capacity or concurrency rating deficiencies, or that have no practical use for the District, shall be deemed to have a value of zero.

3.4 Wholesale Water Service Outside District Boundaries Authorized

The District may provide wholesale water delivery service and/or water operations and management services to property and entities situated outside its political boundaries at the sole discretion of District management, the Administrative Control Board, and the Governing Board so long as the water provided is in excess of what District retail customers require, including contractual obligations, and does not jeopardize concurrency ratings for existing customers. Service shall be provided in conformance with all applicable provisions of these Rules and Regulations and such other additional rules and regulations as the District may promulgate in connection with providing such wholesale services.

4.0 WATER SERVICE TO NEW DEVELOPMENTS

4.1. Deposit

The District shall require the Applicant for Water Service to make a deposit of funds in an amount approved by the Governing Board in the current District Rate Resolution to adequately compensate the District for the services of a District engineer, hydrologist, geologist, attorney, accountant or other service professional deemed advisable by District management to assist in all matters and proceedings relating to any application for service, including the inspection and approval of all water system infrastructure.

This deposit shall be required prior to the District approving any plats and before the Developer begins construction of any water system infrastructure. If, at any time during the construction process, the entire deposit is spent by the District on legitimate costs, the District shall require within fifteen (15) business days of written notice an additional deposit from the Developer in an amount determined by the District Treasurer. If this deposit is not made, the District has authority, at its sole discretion, to take one or more of the following actions: discontinue water service to the development; place a lien on the property within the development; and file suit in District Court.

4.2 Inspections

A Developer is required to coordinate with the District to establish an inspection schedule for the construction and development of all water system infrastructure. If the Developer fails to schedule or allow the required inspections, the District shall discontinue water service to the development and require the Developer to expose any un-inspected portion of the water system infrastructure for District inspection within (5) business days and the infrastructure shall remain exposed until the required inspections can be completed, the work approved, and any other issues resolved. The District will not approve any additional plans or plats for that development or continue water service until all required inspections to date are completed and the work approved.

4.3 Culinary Water Service

As a condition to culinary water service, a Developer will be required to execute a culinary water supply contract with the District pursuant to which the District shall provide culinary water service to customers within a Development on an equal priority basis with all other customers within the District, factoring in the relevance of section 4.6 below, in conformance with the following regulations:

A. Water Supply.

1. Summit County Project Water Supply and Project Impact Fees. Subject to the development of all or part of the Summit County Water Project (the "Project"), the availability of a Project water supply, the equitable allocation of the Project water within the District, and these Rules and Regulations, the District may provide Project culinary and/or irrigation water to a Development pursuant to the execution of a water supply contract. The capital contribution for the District's share of the Project costs incurred, including interest, and other associated costs and expenses, due and owing to District Bond holders and/or entities under an Interlocal Agreement shall be paid by the District, to the extent possible, from the exaction of Project water source impact fees and/or assessments through a special improvement district (SID) for water service to new Developments in conformance with the provisions of Section 6 below.

2. Non-Project Water Supply with District Water Facilities Available for Use. In the event the Summit County Water Project is not completely developed by the District or Project water is otherwise unavailable, and if one or more District water rights,

distribution system, and/or wells are available for culinary water service, the District may, at its sole discretion, provide culinary water to a Development in conformance with one or more of the following methods:

a. Water Right Impact Fee. If a Developer desires to contract for the use of District culinary water rights to provide a culinary water supply within the Development, then the Developer shall pay to the District a reasonable culinary water right development impact fee imposed as a condition to the District providing such water as a culinary water supply to Developer, in conformance with the provisions of Section 6.2 below.

b. Source Development Impact Fee. If a Developer desires to utilize District wells or other sources (including treated sources) as the source of supply in providing culinary water within the Development, using culinary water rights and/or distribution system which it has provided and/or District water rights and/or distribution system made available to it, then the Developer shall pay to the District a reasonable culinary water source development impact fee as a condition to the District authorizing the use of such well or other source as a culinary source of supply for Developer, in conformance with the provisions of Section 6.2 below, and:

   i. The acquisition and construction of all facilities necessary for Developer to utilize the water out of any District well or other source within the Development shall be accomplished at Developer's sole expense, and

   ii. Upon completion of construction of any such facilities, title to the same shall be transferred to the District, which shall thereupon own, operate, maintain and repair the same in connection with the District's water distribution system.

c. Distribution and Storage System Development and Impact Fee. If a Developer desires to utilize external or internal District Distribution System infrastructure (including pipelines, booster stations, and storage reservoirs) as the distribution system in providing culinary water within the Development or to wheel water, using culinary water rights and/or sources which it has provided and/or District water rights and/or sources made available to it, then Developer shall pay to the District a reasonable culinary water distribution system and/or storage system development impact fee as a condition to the District authorizing the use of such infrastructure for Developer, in conformance with the provisions of Section 6 below, and:

   i. The acquisition and construction of all facilities necessary for Developer to utilize the water out of any District distribution or storage system within the Development shall be accomplished at Developer's sole expense, and

   ii. Upon completion of construction of any such facilities, title to the same shall be transferred to the District, which shall thereupon own, operate, maintain and repair the same in connection with the District's water distribution system.

3. Non-Project Water Supply with District Water Facilities Not Available for Use. In the event the Project is not fully developed by the District or if Project water is otherwise unavailable, and if one or more District water rights, distribution system, and/or wells are not available for culinary water service, the District may, at its sole discretion,

provide culinary water to a Development in conformance with one or more of the following methods:

a. Water Rights. The Developer will be obligated, at its expense, to acquire, and assign or convey water rights with an acceptable priority date, volume or peak flow, type of use, place of use, and point of diversion to the District which authorize the diversion and use of water for culinary and/or municipal purposes within the service area of the District, as well as a source of culinary supply authorized by the State Engineer which satisfies all applicable regulations of the State Division of Drinking Water. Such rights may include Weber Basin replacement contract rights or other appropriated or decreed rights acceptable to the District with respect to which the diversion and use of water within the District for municipal use has been authorized by the Utah State Engineer pursuant to approved exchange and change applications, as applicable. The developer shall transfer title to the donated water rights to the District without cost, and by an appropriate instrument of conveyance acceptable in form to the District. This conveyance shall be made free and clear of all liens and encumbrances, except as may be expressly agreed to and accepted by the District. Thereafter, the District shall appear as the record owner of the water rights involved. The water rights shall then be commingled and become a part of the water rights and water supply of the District through which all of its customers will be served, including the proposed development.

    i. Any culinary water right, including Weber Basin replacement contract rights, will be assigned by Developer to the District as the water right to support culinary water service within the Development to the extent of the water supply authorized pursuant to said contracts and related change and/or exchange applications approved by the State Engineer as hereinafter provided.

    ii. The Developer will file with the State Engineer, at its expense, any change or exchange applications on said rights pursuant to which Developer shall seek authority to divert and utilize water from wells currently existing or to be drilled and equipped by Developer within the Development for municipal use within the service area of the District. The District agrees that it shall fully support and participate as a co-applicant in the filing of any such application. Transfer of water rights to the District shall not be deemed complete until all necessary Memorandum Decisions and/or Orders by the State Engineer have been issued and have passed the necessary protest periods, uncontested and without litigation. If contested, a final order must be issued in favor of the District.

b. Water Sources. In order to provide a source of supply for such water rights, Developer will fully develop and equip culinary water wells or other sources which have been authorized by the State Engineer for use as a point of diversion for culinary water within the District and which satisfy all applicable regulations of the State Division of Drinking Water, and convey title to the same to the District; whereupon, said wells or other sources will be incorporated into, and be owned, operated, maintained, repaired and replaced by the District as an integral part of the District's culinary water system.

c. Distribution and Storage Systems. In order to provide a distribution system to transport and store the sources of supply and related water rights, including the wheeling of water, Developer will fully develop the necessary elements of a fully functional distribution system, including any necessary enlargements,

extensions, or expansions of existing infrastructure within the District and which satisfy all applicable regulations of the State Division of Drinking Water, and convey title to the same to the District; whereupon, said improvements will be incorporated into, and be owned, operated, maintained, repaired and replaced by the District as an integral part of the District's culinary water system.

B. Internal Culinary Water Distribution System.

1. The internal culinary water distribution system within any new Development, whether for Project Water and/or Non-Project Water, including all water transmission lines, laterals, pump stations, pressure regulation systems, treatment facilities, meters and meter stations, water storage reservoirs and all other equipment and facilities necessary for the transportation and delivery of water within the Development will be constructed by the Developer of the Development, at its sole expense. The internal water distribution system shall be approved and constructed in accordance with the District's standards and specifications. Any booster stations, treatment facilities, pressure reducing valves and/or storage facilities shall be placed at elevations and locations which will be compatible with existing pressure zones and operational strategies within not only the District's local, but overall regional systems. These improvements shall not be connected to the District's main transmission system until they have been inspected and approved by the District's engineers and accepted by the District. Title to these improvements shall be transferred to the District upon their inspection and approval in consideration for the District's assumption of the perpetual obligation of operation, maintenance, repair and replacement of these improvements and its obligation to provide service to the development project in accordance with these Rules and Regulations.

2. The internal culinary water distribution system within the Development will be transferred, at no cost, to the District for operation and maintenance as part of the District's water distribution system.

C. Transfer of Title to Water Rights, Facilities and Property. As a condition to receiving water services of the District, the District will require the Developer to pay for a final inspection and all other direct costs related to approval of the development by the District's Chief Engineer to certify the assets of the Developer's water system and meet any pertinent agreements, approval, and District Standards and Specifications. The Developer will complete any items the District's Chief Engineer requires. The Developer's system will not be accepted by the District until the system meets all of the specified requirements and is issued an operating permit by the State of Utah Division of Drinking Water that results in the system being classified as a municipal system. The Developer shall convey to the District, free and clear of all liens and encumbrances, except for those specifically agreed to in writing by the District, and by a conveyance instrument acceptable to the District, the following items:

1. The internal culinary water distribution system and all appurtenant facilities, specifically including but not limited to, all distribution lines, pumps, storage facilities, booster pumps, pressure regulation equipment, and any required treatment facilities, together with all appurtenant easements and rights-of-way for the operation, maintenance, repair and replacement of the same.

2. Title to all storage and well or other source sites, together with any and all easements and appurtenances in connection therewith, including any required protection zone easements to protect water sources, pipeline and utility easements and rights-of-way.

3. Title to any water and water rights donated to the District as required or provided within these Rules and Regulations.

4. Title to all water rights previously used or tied to the developed or subdivided property, which were previously or are currently used for agricultural irrigation, stock watering, or other purposes on the property. If all or part of the development is to be serviced or irrigated by such water rights, the District will provide the necessary rights for the development as per these Rules and Regulations and in a quantity and manner sufficient to accomplish the same through the water supply contract.

D. Non-binding Commitment for Development Approval. Any water supply contract entered into between the District and a Developer pursuant to which the District agrees to provide culinary water service to a given number of equivalent residential connections (ERC's) as stated therein is not a guarantee that said number of equivalent residential connections will be approved by the Board of County Commissioners of Summit County in connection with said Developer's Development and Summit County shall not be bound thereby. District water approvals or contracts do not assure any County Commission or Planning Department approvals.

4.4 Irrigation Water Service

The development of irrigation water from sources of supply that are of lower quality or untreated, such as untreated Project water and/or wastewater reuse will increase the supply of good quality Project water available for culinary use, as well as extend the use of good quality groundwater sources within the County and Snyderville Basin. As such, the acquisition of water rights and the development of these types of sources of supply for the distribution of irrigation water for irrigation of golf courses, parks, yards, and open spaces, in new developments if available is authorized, and encouraged, factoring in the relevance of section 4.6 below, and conforming with the following policies and regulations:

A. Irrigation Policy.

1. Raw untreated irrigation water can only be developed from the Importation Project(s), and not from other groundwater or surface water sources located within the Snyderville Basin, thus increasing basin water availability and possible return flows to the stream systems. To the extent Project water is used, these Rules and Regulations which pertain to the use of Project water for culinary use shall apply, including, without limitation, payment of Project Impact Fees, assessments, and water service fees and charges at new rates ranging up to possibly the culinary water rates.

2. To reduce the summer demand peaking factor, projects utilizing irrigation water may be required to provide active storage systems, to as great an extent as possible, as part of any necessary and accompanying pumping and distribution systems, all of which must be constructed according to District standards and engineering reviews. The volume of storage will have an impact on the final irrigation rate determined by the District for the development.

3. Irrigation rates will be determined on a project by project basis, and included in the Irrigation Supply Contract (as noted below).

4. Residential un-metered secondary irrigation systems will not be allowed within the District.

5. All irrigation water proposals and contracts must be approved by the Management and the Administrative Control Board of the District. Irrigation water is meant to be provided to the following types of larger developmental uses, and not to individual un-metered residential users – more typical of a secondary water system:

a. Common open space, greater than a cumulative acreage of 5 acres or more.

b. Road or transportation corridors landscaping, greater than 1,000 linear feet in length.

c. Recreational water features such as ponds and lakes, greater than 2 acres in surface area.

d. Golf Courses.

e. Recreational ball fields and parks, greater than 3 acres in area.

f. Environmental remediation projects such as wetlands development as approved on a case by case basis by the District.

g. Other uses as approved by the Administrative Control Board and District Management.

6. A conservation plan must be prepared and approved by the District, demonstrating that conservation measures will be implemented in the landscaping designs, ensuring that irrigation water will be conserved and not be used in a manner that wastes more water than would be utilized if culinary quality water were used.

7. All approved irrigation projects (and appropriately sized sub-projects of a larger project) must be master metered by District approved Magnetic Type or similar type Flow meters designed to accurately meter water carrying suspended solids.

8. The irrigation water is delivered “as-is”, and has no warranties or guarantees of any kind as to any water quality parameters. The Developer is responsible for any pre-treatment equipment necessary to use the water on the user’s site, and such equipment will be owned and properly maintained by the owner.

9. Key irrigation system transmission piping, metering, storage, and pumping facilities, which can serve more than the immediate project will be owned and operated by the District. Internal distribution type related infrastructure will be properly maintained and owned by the developer or owner.

10. Irrigation projects which extend facilities to their location must size transmission related facilities to a size that will allow the irrigation service to be extended beyond their development, as determined solely by the District.

11. All irrigation projects will be designed with proper accommodations for future or potential wastewater re-use additions. The Snyderville Basin Water Reclamation District input and approval may be needed in such designs and applications.

B. Irrigation Water Supply Contract. If available, the Developer will execute an irrigation water supply contract with the District which shall set forth, among other things, impact fees and rates, the quantity of irrigation water to be supplied, the place of use for such irrigation water supply, describe the water rights and sources of supply to be utilized by the District in providing such service pursuant to the District’s water rights and water source development requirements. Irrigation water service will be provided by the District on an equal basis with all other irrigation customers within the District, but may be curtailed in pressure or availability during periods of drought or water loss. Culinary sources and systems will always take precedence over irrigation systems when public health, safety, or need exists.

C. Irrigation Water Distribution System. The internal and external irrigation water distribution system within the Development, including irrigation water transmission lines and laterals, pump stations, pressure regulation equipment, meters and meter stations, water storage reservoirs or ponds and all other equipment and facilities necessary for the transportation and

delivery of irrigation water within the Development will be constructed by Developer, at its sole expense. The internal water distribution system shall be approved and constructed in accordance with the District's standards and specifications. Any booster stations, pressure reducing valves and/or storage facilities shall be placed at elevations which will be compatible with existing pressure zones within the District's system. These improvements shall not be connected to the District's main irrigation transmission system until they have been inspected and approved by the District's engineers and accepted by the District. Title to external improvements shall be transferred to the District upon their inspection and approval in consideration for the District's assumption of the perpetual obligation of operation, maintenance, repair and replacement of these improvements and its obligation to provide service to the development project in accordance with its rules and regulations. The external irrigation water distribution system will be transferred at no cost to the District for operation and maintenance as part of the District's irrigation water distribution system. All internal infrastructures, as determined in extent solely by the District, will be operated and maintained by the Developer or owner in perpetuity. All internal irrigation infrastructures must also be properly separated and adequate protections afforded to prevent the possible cross connection contamination of any adjacent culinary water systems, using approved backflow protection devices and technology.

4.5 Combined Project and Other Water Supplies

Developments may be serviced through a combination of project and non-project water sources and system(s) in any combination necessary to assure the delivery of the services provided for in this section. Costs for capital (impact fees) and operation of the necessary combination of services provided shall be allocated or proportioned and paid for in a similar manner as other services within this section.

4.6 Differential Rates and Fees

Because of the varying nature of services the District provides as well as the unique character, infrastructure types, deficiencies, ages, elevations, and special needs of areas annexed into the District, the District at its sole discretion may assess differential rates and fees for different areas or sub-zones of the District. Differential rates shall be substantiated with studies or data clearly demonstrating the needs for varying rates and fees in different areas.

4.7 Summit County Water Project Viability

Because of the loss or reduction in capacity of many of the current water sources in the District, and in order to facilitate the most orderly, feasible, and cost effective objectives of regionalization, and to protect the viability and economy of the Summit County Water Project, the District will only allow a developer to bring physical culinary or irrigation water rights and/or water sources to the table, as opposed to paying the relevant impact fee(s) when it is in the best interest of the District. The District will evaluate each development proposal on a case-by-case basis and Developers shall not use the mere supply of a physical source and/or water right as a vested right to a reduction in any impact fees or water contract approvals as per these Rules and Regulations.

5.0 WHOLESALE WATER / OPERATION SERVICES TO EXISTING NON-DISTRICT ENTITIES

5.1 Extra-Territorial Water and Operation Service

To further the objectives of regionalization and cooperation, the District, with the approval of the Administrative Control Board, may service existing non-District entities with water delivery, in any combination of services, on a wholesale basis by contract, as well as provide operation and maintenance services to non-District entities with or without water sales, on a case-by-case basis and subject to these Rules and Regulations. Wholesale water sales are allowed, if excess water capacity is

available, to increase revenue, which in turn benefits all customers, as well as putting to use possible idle infrastructure. Wholesale water sales always utilize surplus water source and infrastructure capacity, and are supplied at an “interruptible” or lesser priority to retail customers within the District. As such, wholesale rates are usually lower in cost, are often bulk-sales in nature, and should usually be based on “take-or-pay” type contracts. Wholesale contracts with any non-governmental water company that resells the wholesale water to its own customers are limited to 10% of total District water sales, are limited to a term not to exceed five years during the time any District tax exempt bonds are outstanding, and are required to assess the same fees and charges billed to District wholesale customers.

5.2 Summit County Project Water

Project water may be provided by the District to existing entities, on a wholesale basis, subject to the availability of water and in conformance with the following:

A. Water Supply Contract. Each entity desiring to obtain Project water as a water supply for such entity will execute a Project water supply contract with the District pursuant to which the District shall provide culinary and/or irrigation water in the contracted amount, on an equal basis with all other wholesale entities who receive Project water.

B. Water Fees. Water fees and charges will be imposed in an amount sufficient to pay all costs and expenses incurred in connection with the operation, maintenance, capital, depreciation, and repair of the District’s culinary and/or irrigation water distribution system, including, without limitation, all obligations due and payable by the District to Weber Basin Water Conservancy District and District Bond Holders.

C. Facilities. All external water transmission lines, pump stations, storage facilities, meters and meter stations, and all other equipment and facilities necessary for the transportation and delivery of water from the District’s point of delivery at its main water transmission line(s) for Project water to the entity’s water system will be constructed, owned, operated, maintained and repaired by the entity at its sole expense.

5.3 District Water

District water may be provided by the District to existing entities, on a wholesale basis, subject to the availability of water and in conformance with the following:

A. Water Supply Contract. Each entity desiring to obtain District water as a water supply for such entity will execute a District water supply contract with the District pursuant to which the District shall provide culinary and/or irrigation water in the contracted amount, on an equal basis with all other wholesale entities who receive District water.

B. Water Fees. Water fees and charges will be imposed in an amount sufficient to pay all costs and expenses incurred in connection with the operation, maintenance, capital, depreciation, and repair of the District’s culinary and/or irrigation water distribution system, including, without limitation, all obligations due and payable by the District to any Bond Holders.

C. Facilities. All external water transmission lines, pump stations, storage facilities meters and meter stations, and all other equipment and facilities necessary for the transportation and delivery of water from the District’s point of delivery at its main water transmission line(s) for District water to the entity’s water system will be constructed, owned, operated, maintained and repaired by the entity at its sole expense.

5.4 Transportation and Delivery of Entity’s Own Water

A. System Operations Contract. Any entity desiring to have the District assume the operation and/or control of its water system (including at the Districts sole option, Developers who have

water rights, a water source and water system sufficient for all of the culinary and irrigation water requirements of its Development) if acceptable to the Administrative Control Board, shall enter into a systems operation contract with the District, pursuant to which the District shall provide water service, using the entity's own water rights, water source and water system, on an equal basis with all other contracts. If the entity is a public agency, the contract may be in the form of an Interlocal Agreement with that entity. If the system is a private water utility, the District shall require that the entity provide the District with an option to purchase or a purchase agreement as a condition to servicing the system. The entity's system may, at the sole discretion of the District be connected to the Summit County Water Project (if possible) to enable the District to provide Project water to the entity as an emergency back-up source of supply even though such entity may not normally need Project water as its main source of water supply and related fees may be levied for the backup supply. The following rules shall apply:

1. Public Entities. Short or long-term operation and maintenance services may be provided to public water purveyors (Municipalities, Special Service Districts, Improvement Districts, or Service Area's) through Interlocal type agreements.

2. Private Entities. Only short-term (no more than 1 year) operation and maintenance agreements may be entered into with private water companies, including profit or non-profit (mutual companies), during emergencies or for the purposes of acquisition of the company and annexation into the District for permanent service.

B. Water Fees. Water fees and charges will be imposed for delivery of such entities own water according to the current District Rate Resolution for such water or by rates described in the Interlocal or service agreements.

C. Facilities. All water transmission lines, pump stations, treatment facilities, pressure regulation equipment, storage facilities, meters and meter stations, and all other equipment and facilities necessary for the transportation and delivery of water within the entity and from the District's point of delivery at its main water transmission line for Project water to the entity's water system will be constructed, owned, operated, maintained and repaired by such entity at its sole expense.

5.5 Differential Rates and Fees

Because of the varying nature of services the District provides as well as the unique character, infrastructure types, deficiencies, ages, elevations, and special needs of areas receiving wholesale services by the District, the District may assess differential rates and fees for different customers, areas, or sub-zones of the District.

5.6 Emergency Services

The District may assist any water system in the County in an emergency situation or when the public health or welfare is jeopardized, whenever the need arises and as the District has necessary staff, resources, and equipment time available. The District may assess fees for such services to recover the actual costs of time and materials.

6.0 DEVELOPMENT FEES.

6.1 Promulgation and Approval

All development related fees shall be prepared by District administration, and approved by the Administrative Control Board of the District and Governing Board, as provided for by Summit County Ordinance and Utah Law.

6.2 Impact Fees

Impact Fees shall be imposed by the District in connection with each Development utilizing Project and/or District water as a source of water supply. Payment of Impact Fees shall be due and payable to the District, as a condition to culinary water service, and as a condition to irrigation water service (to the extent of the quantity of irrigation water that is derived from Project water), in conformance with the following:

A. Pursuant to Impact Fees Act. Project impact fees shall be imposed pursuant to and in conformance with the provisions of the Utah Impact Fees Act, §11-36-101, Utah Code Ann., 1953 ("the Utah Impact Fees Act"), and shall be enacted by Ordinance or Resolution, after a proper Capital Facility Plan and Impact Fee Analysis is performed, and approved.

B. Imposition of Impact Fees. Impact Fees may be divided into one or more components, which are assessed on each development or property based on the needs of the project and factor into the equation the water resources or infrastructure that are brought to the table by the developer, and are of real value to the District. Impact Fees may also be based on regional needs and demands. Culinary and/or Irrigation Water Right, Source Development, Storage, and Distribution System Impact Fees (whether utilizing Project or District water) shall be imposed in the necessary combination and quantity required by the District and it's adopted Impact Fee Resolutions and Study's as follows:

1. Each typical residential lot within the Development will be assessed at a minimum of one full Project Impact Fee based on an acre-foot per year per Equivalent Residential Connection (ERC), and/or meter size calculation, as provided for in the current Impact Fee Resolution and Analysis.

2. In the case of lots where additional water is allocated or required by the Developer beyond that required for a typical single-family dwelling or the minimum impact fee ERC base, additional impact fees will be imposed as calculated and determined by the District.

3. The District will calculate additional demands as well, based on landscaping type, irrigated acreage, type and size of building, fixture counts, conservation measures, etc. When there is a dispute in calculations between the District and a Developer, the District calculations shall prevail.

4. Each commercial development or resort/hotel unit(s) will be assessed Impact Fees on an "equivalent residential connection" calculated basis. Recreational and open-space projects will be evaluated on a case-by-case basis. Engineering calculations for special demands will be required to evaluate the actual impacts in unit ERC's.

5. Impact Fees shall be due and payable to the District by the owner of each such lot, project, development, resort or hotel prior to the time of issuance of a building permit by Summit County for any building or structure upon a lot, or for any resort or hotel or other development.

6. Proof of payment of the Project Impact Fee in the form of a certificate from the District will be a condition precedent to the issuance of a building permit by the County.

C. Impact Fee Guarantee. In order to better protect District Bond Holders, the Developer of large projects, as determined by the District, may be required to guarantee the payment of Impact Fees to the District, on an annual basis, according to a "take down" schedule negotiated between the District and the Developer in connection with the water purchase contract, in conformance with the following:

1. The Developer will guarantee payment of Impact Fees, on an equivalent residential connection (ERC) basis, for its pro-rata share of the District's share of the Project or other required District infrastructure, in such amounts and at such times, together with other Impact Fees reasonably anticipated to be paid to the District by other Developers, as shall be sufficient to enable the District to timely satisfy all financial obligations due and owing by it to its Bond Holders and other contractual obligations.

2. Payments to be made pursuant to Impact Fee guarantee schedules shall be made within 60 days of the end of the subject calendar year or pursuant to contract obligations between the District and the developer if applicable. To the extent not reimbursed by the District, Developer may transfer any such pre-payment credits to the buyers or developers of lots or units within the Development by giving 30 days advance written notice to the District.

3. Every Developer's payment obligation with respect to its guarantee of Impact Fees shall be secured in an amount not less than 110% of the Developer's payment obligation. Adequate security shall include, but not be limited to, a first lien mortgage or deed of trust on platted lots or other property within the Developer's proposed Development as deemed acceptable to the District, by a direct-pay letter of credit from a financial institution acceptable to the District, or such other security as the District may, in its absolute discretion, agrees to accept.

D. Impact Fee Payment. All Culinary and Irrigation Water Right, Source Development, and Distribution System Impact Fees, as applicable, shall be due and payable by the Developer or Owner, in the amount determined by the District, in full, as a condition to the issuance by the District to the Developer or Owner, of a Will-Serve Letter and/or a Water Availability and Concurrency Letter to the County for the Development if applicable.

6.3 Reservation Fees

In addition to the payment of impact fees as set forth in this Section, each Developer of a new Development and each existing water entity shall be required to pay their pro-rata share of any reservation fee imposed upon the District by Weber Basin Water Conservancy District as a condition to Weber Basin reserving a water supply for the District as developed and utilized in the Summit County Water Project.

A. The amount of the reservation fee shall increase each year in the same amount as the increase in the reservation fee due and owing by the District under the Interlocal Agreement or other contract with Weber Basin with respect thereto.

B. All reservation fees shall be due and payable in advance, on an annual basis, on or before December 1 of each year, with the first year's payment pro-rated from the contract date to December 1 of that year.

C. In the event the Project is not fully developed by Summit County and Weber Basin, any reservation fee then on account with the District shall be utilized in fulfilling the District's obligations to Weber Basin, and in no event shall the District rebate any portion of the reservation fees paid.

D. In the event any Developer or existing water entity shall fail to pay the reservation fee when due, the District shall send written notice of default to the defaulting party.

1. The defaulting party shall have sixty days in which to cure the default by making payment to the District.

2. In the event the defaulting party shall fail to timely cure the default, then the contract between the defaulting party and the District for water shall be terminated, and the

water thereunder shall be available for sale by the District to any other developer or water entity.

6.4 Impact Fee Review and Re-Assessments

To promote conservation, extend the life of District facilities, and encourage wise water planning, the District will monitor the annual usage of facilities and customers connected to its system(s) to insure that the actual water usages meet the demands calculated initially and used to develop a fair water right and system allocation and impact fee. If the data shows that the water demands were under-rated, the allocation and impact fee shall be reviewed and impact fees re-assessed (as an alternative, rate modification may be made and/or ERC allocations adjusted upwards) for the additional difference in water demands, using impact fee rates in effect at the time. Since the system is sized initially for the development-calculated demands, in no case shall a refund be granted due to lower than predicted water demands.

6.5 Demand Factors

All impact or buy-in type fees may be adjusted up or down as provided in the impact fee study and resolution, by a demand factor that represents the amount a user is expected to deviate from the normal demand curves and peaking factors within the District system(s). This fee adjustment represents the amount a user relies on more expensive peaking demands in hot summer months from an average annual demand, spread more across a year evenly. Snowmaking and all indoor uses, including conservation based demands may be typically below 1.0, while more wasteful or heavy irrigation demands such as golf courses may typically be higher than 1.0.

6.6 Affordable Housing Impact Fee Credits

The District may, only if requested by the Summit County Commission and County Planning Department - in certain new affordable housing developments, and with the approval of the Administrative Control Board and Governing Board, and if provided for in the impact fee study and resolution, develop a sliding scale of Impact Fee discounts, credits, or deferrals for affordable housing projects that are designed to market to families working in Summit County and making below 80 % of the area median family income levels (moderate). The scale may increase as the level approaches the 50 % level or below (low and very low income levels). To qualify for this discount, the project must be certified as such by Summit County and/or Mountainlands Community Housing Trust, and must be kept affordable by deed restrictions or other appropriate and secure methods as outlined in the Summit County Moderate Income Housing Plan. Any such credits must comply with all District bond covenants and requirements.

6.7 Differential Rates and Fees

Because of the varying nature of services the District provides as well as the unique character, infrastructure types, deficiencies, elevations, ages, and special needs of areas annexed into the District, the District may assess differential rates and fees for different areas or sub-zones of the District. Differential rates shall be substantiated with studies or data clearly demonstrating the needs for varying rates and fees in different areas.

6.8 Special Improvement Districts and Related Assessments

Special improvement districts (SID's) may be created by the Governing Board as per Utah law, to finance certain internal and/or external water improvements (facilities that benefit all customers within the SID), or system(s) acquisition at the Districts sole discretion. Depending on the character and structure of the SID, the SID assessments may offset any or all of the impact fees required as per this section. Assessments may be based on property, lots, ERC's or any other lawful criteria or combination thereof. SID's will only be allowed under special circumstances and will not be used on small projects or to finance facilities other than critical water infrastructure. If authorized, all costs

associated with the creation and assessing of properties within the SID will be born by the developers or users requesting the formation of the SID.

7.0 SERVICE TO INDIVIDUAL RETAIL CUSTOMERS

7.1 Application for Service

Each individual customer and applicant for culinary and/or irrigation water service must apply to the District for such service and sign a Water Service Application and Agreement on a form provided by the District. Each water user shall agree therein to pay the water service fees and other charges imposed for water delivered to customer and to comply with these Rules and Regulations and such other lawful rules and regulations of the District as they now exist or as they may be amended in the future.

7.2 Service to New Customers

Each Applicant for Water Service to a new connection shall be required, as a condition to service, to comply with the following:

A. The Applicant for Water Service shall pay the following fees per the current District Rate Resolution:

   1. The applicable impact fees as per Resolution MRW 2003-26 (or any subsequent Impact Fee Resolution), and

   2. A security deposit, and

   3. A connection fee for each connection (different for each size of meter).

B. Any connection requiring larger than a one and one half inch (1-1/2") meter shall be made only upon prior written approval of the District. The impact fees and connection fees shall be determined as per the current District Rate Resolution.

C. If the Connection Applicant sub-contracts any of the work for the water connection, the Connection Applicant is responsible for all work on the water connection, including any damage and fines.

7.3 Authorization to Connect

Upon the District's inspection and approval of the metered connection and its written receipt of all required fees, the District shall turn water on for customer. The service lateral, any required backflow equipment, and water meter pit and setter (the District will install the meter) shall be installed by Applicant for Water Service at said applicant's sole expense. No water shall pass through the meter until the District has inspected and approved the connection and any appurtenant equipment. Upon the District's inspection and approval of the service lateral and metered connection and its written receipt of all required fees, the District shall refund to customer the security deposit less the cost to repair any damage to the District's infrastructure following the final inspection. If the repair exceeds the amount of the deposit, it will be billed to the customer and must be paid before water service will be provided.

7.4 Sale or Transfer of Premises

Each customer shall report to the District's business office, the sale or transfer of any property and request the termination of service to the property.

A. The District, 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 District shall estimate the customer's metered use as provided in Section 7.10 hereof.

B. The subsequent water user, who may be a purchaser or transferee of the residential, commercial, industrial or recreational facility, shall be required to make a formal application for renewed service to the home or structure on a form provided by the District.

C. As a precondition to renewed service, the proposed water user shall sign a service agreement on a form provided by the District and to comply with the lawfully adopted rules and regulations of the District.

D. The subsequent customer may be required to pay, at the discretion of the District, a meter upgrade fee to insure compliance with new meter standards and cross connection control rules. The meter fee, which is subject to change from time to time, covers the cost incurred in reestablishing water service to the particular service connection involved. If a new meter is already installed on the customer's property an inspection fee shall be assessed as per the current District Rate Resolution.

E. Subject to payment of a resumption of service fee in the amount specified in the current District Rate Resolution, upon compliance with all of the foregoing terms and conditions of this subsection, water service shall be restored to the premises.

7.5 Water Service Fees and Other Charges

All service fees and charges are assessed at rates and updated on an as needed basis through the adoption of a District Rate Resolution. All water service related fees shall be prepared by District administration, and approved by the Administrative Control Board and Governing Board, as provided for by Summit County Ordinance and Utah Law. All service fees and charge may be changed from time to time at the discretion of the District following the above process.

A. Water Service Fees.

1. Culinary Water Service Fees. The District shall impose a culinary water service fee upon each culinary water service connection to the District's culinary water distribution system in conformance with the following:

a. The fee shall be in an amount sufficient to pay all costs and expenses incurred in connection with operating, maintaining, depreciating, replacing, rebuilding or making capital improvements to District's culinary water distribution system, including, without limitation, all obligations due and payable by the District to its Bond Holders.

b. The culinary water service fee shall be of the accelerated block type to promote conservation and shall be composed of a base fee element and a series of overage blocks, whose accelerating fee increments will be based upon the quantity of water used. Commercial or industrial users shall be allocated base and overage rates based on their annual ERC usage using the ERC acre foot standard established in the District's current Impact Fee Resolution, unless stipulated at a different amount in previous contracts. Water usage for commercial and industrial users shall be evaluated each January to determine if an adjustment to the number of ERCs used to calculate their monthly bills is needed.

c. Unoccupied structures and un-metered service connections shall be billed a monthly fee as established in the District's then current Rate Resolution the

same amount applicable to service connections of similar size and nature but may be based upon annual ERC usage using the ERC acre foot standard established in the District's current Impact Fee Resolution, or other reliable methodologies, depending on nature and type.

d. The culinary water service fee shall be billed monthly or on such other interval as established by the District, and shall be in addition to all other fees and charges lawfully imposed by the District.

e. The District may impose reasonable penalties, late charges, and interest on any past due culinary water service fee or any unpaid portion thereof.

2. Irrigation Water Service Fees. For Developments utilizing irrigation water from the District's irrigation water system(s), reasonable irrigation water service fees and charges will be imposed in conformance with the following policy:

a. The fee shall be in an amount sufficient to pay all costs and expenses incurred in connection with operating, maintaining, depreciating, replacing, rebuilding or making capital improvements to District's irrigation water distribution system, including, without limitation, all obligations due and payable by the District to its Bond Holders.

b. The irrigation water service fee shall be billed monthly or on such other interval as established by the District, using metered rates, and shall be in addition to all other fees and charges lawfully imposed by the District.

c. The District may impose reasonable penalties, late charges, and interest on any past due culinary water service fee or any unpaid portion thereof.

d. Increasing Block rates may be implemented in the irrigation contract to encourage conservation of irrigation water on a particular development or project.

e. On projects which incorporate conversions from culinary to irrigation water, and to encourage the timely completion of the conversion, an irrigation supply contract may allow for the imposition of a conversion irrigation rate during the construction period, where culinary water may be used in the system, for a period not to exceed one year. If the project is not started or completed within that time frame, the difference between the conversion irrigation rate revenue and the culinary rate revenue may be charged to the owner or developer to recoup any loss to the District and further, the contract may be amended, extended, or terminated at the District's discretion.

B. Standby Fees. The District shall impose a Standby Fee against any Developer, lot owner, or to those contractually obligated, that can be serviced by the District but are currently not connected to its system, in conformance with the following:

1. The standby fee applies to those lots or developments within the District's boundaries where any one of the following circumstances apply: (1) the District's signature and/or note appears on any plat for a lot or subdivision that has been recorded in the official County records; (2) an owner of the lot or development has applied to receive water service from the District or paid any required deposits, impact fees or application fees; (3) an owner of the lot or development has signed a Water Service Application or Agreement with the District; (4) the District has otherwise entered into a contractual service or purchase agreement for the lot or development; or (5) the District has issued a "Water Availability" or "Concurrency Letter" for the lot.

2. The standby fee shall recover the fixed costs (i.e. those that don't vary with water consumption) to the District allocable to standby accounts based upon the total number of District connections and standby fees assessed. The standby fee shall include operations and maintenance costs, appropriate water lease and reservation fees, and any other relevant cost.

3. Subject to paragraph 1 above, the fee shall be charged to the owner of an undeveloped lot or the developer for unsold lots in a platted subdivision prior to application for service to provide for water service to protect the lot from fire and keep the system in a ready to serve condition when the connection is desired.

4. The Standby Fee shall be charged monthly or quarterly at the discretion of the District.

5. Subject to paragraph 1 above, the fee shall be chargeable whether or not the owner or developer has paid all or some of the relevant impact and connection fees.

6. Subject to paragraph 1 above, the fee shall also be chargeable from and after the time an applicant makes application for service until such time as a service connection is made and service charges for connected properties are applicable. If a lot is sold, the standby fee shall be pro-rated between the buyer and seller for the current billing period.

7. The fees shall not recover any capital infrastructure costs, including all costs included in the calculation of impact fee or those funded with debt. The fee may recover the cost of capital equipment funded from operations.

C. New Connection - Meter Hookup & Connection Fees. Each Developer shall be required to pay a meter hookup connection fee for each culinary and irrigation water connection prior to connecting to the District's water distribution system.

D. Existing Connection - Meter Replacement & Connection Fees. Each purchaser of an existing lot may be required to pay a meter replacement connection fee if the lot has an existing meter that needs to be replaced or upgraded, as determined by the District.

E. Security Deposits. The District shall require a security deposit for each new connection during development that can be used to reimburse the District for any damage done to its water systems during development. Upon satisfactory connection and sign off on the installation during the final District inspection, the remaining unused security deposit, if not used by the District to repair any damage made to its system by the Developer, will be refunded to the lot owner at the time the connection passes final inspection.

F. Inspection Fees. The District shall assess a fee to inspect new water connections to determine if the meter and connection are properly installed. The District shall assess a fee to inspect existing water connections whenever a lot is sold to determine if a meter replacement or upgrade is required.

G. Resumption of Service Fee / Title Transfer Fee (If not disconnected). The District shall assess an administrative fee each time a lot is sold or an account is changed into a new customer's name or termination of service. This fee includes both developed and undeveloped lots.

H. Inaccessible Meter Fee (formerly Buried Meter Fee Service). If a meter is buried or otherwise not accessible to the District for meter reads, the District shall assess a monthly fee as established in the District's then current Rate Resolution based upon annual ERC usage using the ERC acre foot standard established in the District's current Impact Fee Resolution, or other reliable methodologies, depending on nature, size, and type of service.

I. Water Leak Adjustments. In the case of water leaks on a customer's property receiving water service from the District, the Billing Manager may make a billing adjustment. The customer shall be charged for 50% of water used at the current adopted water rates, or a minimum of 40,000 gallons if 50% is less than 40,000 gallons. The remaining gallons shall be charged at the adopted leak rate. Water leak adjustments may be made for up to a two month period during summer months and in winter months for customers whose meters are read year round; and for the period between meter reads during winter months. In order to qualify for a leak adjustment, the water received from the District must exceed 40,000 gallons per month.

A residential or a commercial/industrial customer may qualify for a catastrophic water leak if the following apply: 1) the leak must be in excess of 300,000 gallons per month and the historical use must be substantially below 300,000 gallons per month; or 2) if the historical usage for the same monthly time period is above 300,000 gallons per month, the customer must have a water leak one times the historical average usage for the same monthly period. The Billing Manager and General Manager have the discretion to determine whether the customer qualifies for the catastrophic leak adjustment. If the catastrophic leak adjustment applies, the customer will be charged for 25 percent of the water used at the current adopted water rates, and 75 percent of the water used for that month shall be charged at the adopted leak rate. Water leak adjustments may be made for up to a two month period by the Billing Manager and General Manager. Any additional adjustments beyond the catastrophic water leak adjustment must be approved by the Administrative Control Board.

Prior to receiving a credit, the customer must repair the leak, notify the District in writing the source of the leak and how and when the leak was repaired, and provide the District with all receipts related to the cost of the repairs and any other documentation available to verify the leak. The District shall verify that the leak is repaired before any leak adjustment is made to a customer's account.

J. New Residential Customer Outdoor Watering Adjustments. In the case of a new District residential customer, the Billing Manager may make a billing adjustment so the customer is charged only the cost of production for water usage in excess of 40,000 gallons per month for up to the customer's first two months using outdoor water, to allow the customer time to adjust outdoor watering in response to the District's accelerated conservation rate plan. Prior to receiving a credit, the customer must adjust outdoor watering to reduce usage, and notify the District in writing of the adjustments made.

K. Release of Restrictive Covenants Fees & Charges. In situations where a lot owner within the District places a restrictive covenant on their lot indicating it will not be developed in the future, Mountain Regional Water does not assess standby fees and other charges to that lot. If a lot owner or Developer subsequently requests that the District release this restrictive covenant so the lot can be developed, Mountain Regional Water will assess all back fees and charges that would have been billed to that lot from the date the restrictive covenant was applied to the date it is released, including annual interest at the rate adopted in the current District Rate Resolution.

L. Owner's Liability for Charges. Due to the public health and safety nature of water service, including property protection issues, and the District's power to levy delinquent charges on a parity with a property tax lien, the owner of record of any property, rather than any tenants, shall be responsible and liable for all water service fees, standby fees and all other fees and charges lawfully imposed by the District.

M. Collection of Delinquent Service Charges. Pursuant to authority of Utah Law, for any culinary water and/or irrigation water service fees, standby fees, or other fees and charges lawfully imposed by the District that are delinquent as of June 1 of any year, the customer receiving the bill shall be notified in writing of the current amount of the delinquency. If the account is not brought current within the time period designated in writing on the delinquency notice, including any additional delinquent amounts that accrue within that time period, the District

shall together with reasonable administrative and attorney's fees incurred by the District with respect to the collection of such fees or charges, shall be certified by the District to the County Treasurer and County Assessor of Summit County. These delinquent fees and charges, together with penalties and applicable interest shall, immediately upon certification, become a lien on the delinquent premises on parity with and collected at the same time and in the same manner as general county property taxes that are a lien on the premises. The owner of record of the property being served is responsible for all water service fees, standby fees, or other fees and charges lawfully imposed by the District.

N. Termination of Services for Non-payment. In the event of nonpayment of culinary and/or irrigation water service fees, standby fees, and other fees and charges lawfully imposed by the District, the District may terminate water service to any customer for non-payment of the same after first providing customer with ten (10) business days written notice of the delinquency, and providing customer an opportunity to cure the default prior to the service being terminated. The customer may request a hearing of the Administrative Control Board regarding any such delinquency, which hearing shall be held before service is terminated. In the event a delinquency is not cured within ten (10) business days, the District shall terminate water service to the premises involved. The customer shall be required to pay the resumption of service / title transfer fee as outlined in the then current Rate Resolution, in addition to curing the delinquencies, as a condition to the resumption of water services.

O. Alternative Water Service Provider Fee. This fee applies to any lot or development within the District's boundaries where any one of the following circumstances apply: (1) the District's signature and/or note appears on any plat for a lot or subdivision that has been recorded in the official County records; (2) an owner of the lot or development has applied to receive water service from the District or paid any required deposits, impact fees or application fees; (3) an owner of the lot or development has signed a Water Service Application or Agreement with the District; (4) the District has otherwise entered into a contractual service or purchase agreement for the lot or development; or (5) the District has issued a "Water Availability "or "Concurrency Letter" for the lot.

P. Condominium Common Irrigated Area. In condominium residential properties only, where the majority of common irrigated space is located in each units front and backyard, and where the common irrigated property is allocated among the common condominium owners (as held and managed by an HOA type organization), a special water rate may be enacted by the District, such that the irrigated space is billed in a way that creates parity with residential customers.

"Condominium" in this policy means the ownership of a single residential unit in a multiunit project that have a common wall(s) together with an undivided interest in common in the common areas and facilities of the property.

This special billing rate is qualified however, and can not be applied to facilities owned by Home Owners Association's which include larger recreation type facilities such as parks, club houses, ponds, entrance gates, tennis courts, trails, and swimming pools, and alike, or include facilities atypical of a conventional residential customer's yard space.

7.6 Temporary Suspension of Culinary and Irrigation Water Service by District

The District hereby reserves the right at any time to shut off the water anywhere within its culinary and irrigation water distribution system for the purpose of making any repairs and/or extensions to the system or for other temporary purposes as deemed necessary by the District. No claim or cause of action shall arise against the District by reason of: (i) any suspension of water service for the purpose of making any repairs and/or extensions to the system or for other temporary purposes, (ii) the stoppage of water or interruption of water service due to the scarcity of water, (iii) damage to any water work or facility of the District, (iv) the stoppage of water or interruption of water service due to a

sudden or potential water quality problem or cross connection, or (v) any other cause beyond the reasonable control of the District.

7.7 Temporary Suspension of Water Service by Customer

Water service may not be terminated on a seasonal basis due to lack of occupancy of a connection, unless the suspension will last more than one (1) year. Upon reconnection, a disconnection of service fee shall be charged as adopted in the current District Rate Resolution. Service will not be suspended, if in the discretion of the District, the suspension would pose a health or property protection hazard.

7.8 One Structure Per Meter

All uses of culinary and irrigation water from the District's culinary and irrigation water distribution systems, including fire hydrants (construction water), shall be metered. Not more than one structure or building shall be connected to any one culinary water meter without the prior written approval of the District. Multiple dwelling (condominium type) units will be serviced by individual unit meters, which can be read in one location. Anyone using water through an un-metered connection, without the express prior written authorization of the District, shall be prosecuted under the theft of services statutes of the State of Utah.

7.9 Meter Readers and Meter Maintenance

Customers shall not obstruct in any way the ability of authorized District personnel to gain access to water meters for periodic inspections, reading and maintenance. The cost of removing any physical obstructions will be charged to the customer. If the District determines, at its sole discretion, that a meter needs to be relocated for access or health and safety reasons, the District will relocate the meter and charge the costs back to the customer. Meters shall be read a minimum of three times per year. By connecting to the District water system, each customer manifests his or her agreement to comply with these Rules and Regulations and shall be deemed to have granted access to their property to the District meter reader for the purpose of reading water meters on a monthly or other periodic basis.

A. Meter Error. In the event a meter should malfunction and a reliable reading is not possible to obtain, or due to weather conditions it is not possible to read a meter, charges shall 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. Where such data is unavailable, then estimates shall be made by comparing the past known water usage on similar or adjoining properties, and averaging the same.

B. Meter Testing. If a customer contests the accuracy of the water meter serving the property, the District shall perform the service necessary to verify the accuracy of the meter. If the water meter is over or under reading, there will be no charge for the repair to the meter. Appropriate adjustments for water use will be made to the customer's next water bill. Adjustments shall not be made for any period greater than three (3) months. Meter errors of five percent (5%) or less shall be deemed to be accurate readings, warranting no adjustments. If, upon a second meter reading (as requested by customer) within a one (1) year period for the purposes of determining meter error, the meter is found to be accurately calibrated, the Meter Inspection Fee as specified in the current District Rate Resolution shall be assessed on the next billing to customer.

C. Meter Tampering. It shall be a violation of these Rules and Regulations to 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 un-metered water. Willful consumption of water through a water meter known to be damaged, bypassed, or tampered with shall constitute a theft of service and shall be punished in accordance with the laws of the State of Utah. In addition,

any unauthorized connection to the District's water system shall constitute a theft of service and the property owner where the illegal connection occurred will be fined.

7.10 Water Pressure and Level of Service

After compliance with all District rules and regulations and payment of required fees, the District will provide water service at the highest possible level of safety and service it can reasonably provide to its customers. While recognizing that interruptions in service and pressure fluctuations are normal in a region with heavy growth and construction constraints prevail, the customer must maintain a reliable pressure reducing device on the property to protect customer plumbing and fixtures from pressure fluctuations and surges caused by water line breaks, construction damages, and system equipment failures. The District will not be responsible for damage to customer properties, including culinary, irrigation, and fire protection water systems, due to pressure fluctuations. The customer is responsible to take whatever means necessary to prevent damage to their culinary, irrigation, and fire protection water systems from pressure fluctuations.

7.11 Differential Rates and Fees

Because of the varying nature of services the District provides as well as the unique character, infrastructure types, deficiencies, elevations, ages, and special needs of areas annexed into the District, the District may assess differential rates and fees for different areas or sub-zones of the District. Differential rates shall be substantiated with studies or data clearly demonstrating the needs for varying rates and fees in different areas.

7.12 Violation Fees

The District may implement in each District Rate Resolution, fees and/or penalties to be charged against a service or customer for violations of any part of these Rules and Regulations, including theft of service.

8.0 TITLE, MAINTENANCE, REPAIR, AND WARRANTIES

8.1 District Maintenance and Repairs

With respect to both the culinary and irrigation water distribution systems, the District shall hold title to the main transmission systems. The District shall maintain, repair and replace the same in perpetuity.

With respect to service laterals for both culinary and irrigation water systems, the District shall hold title to the portion of the service lateral as follows:

A. Meter Located Near the Street or Property Line. If the meter or shut-off valve is turned off or closed and the leak continues, the District shall be responsible for the leak including the meter, meter box, backflow prevention device (if located in the meter setter), and shutoff valve.

B. Meter Located Inside Structure or Directly Next to Structure. The District shall be responsible for leaks up to the property line.

C. Other Locations. Occasionally meters are located in other locations. In these cases, the District, at its sole discretion, shall make a reasonable determination as to whether the District or the customer is responsible to repair the leak.

8.2 Customer Maintenance and Repairs

With respect to service laterals for both culinary and irrigation water systems, the customer shall hold title to the portion of the service lateral as follows:

A. Meter Located Near the Street or Property Line. If the meter or shut-off valve is turned off or closed and the leak stops, the customer shall be responsible for the leak unless it is in the meter saddle.

B. Meter Located Inside Structure or Directly Next to Structure. The customer shall be responsible for leaks inside their property line.

C. Other Locations. Occasionally meters are located in other locations. In these cases, the District, at its sole discretion, shall make a reasonable determination as to whether the District or the customer is responsible to repair the leak.

8.3 District Repairs Where the Customer is Liable

The District may, without incurring liability, make emergency repairs to service laterals that are the responsibility of the customer in order to mitigate damage, prevent waste or water, and to prevent contamination of the water supply. Any such repairs shall be at the customer's expense and shall be billed to customer by the District. Customers shall pay any such bill within thirty (30) days of the post mark on the bill.

8.4 Warranty of Improvements Constructed by Developers for District

All water improvements constructed by developers or their agents, for the benefit of the District will be warranted from defects in installation, workmanship, and equipment for a period of two (2) years from the date of final acceptance of the system improvements by the District.

9.0 FIRE HYDRANTS

An individual may not withdraw water from any fire hydrant including its service lateral or appurtenances, without the written permission of the District and if granted must be in compliance with the Uniform Fire Code (or any other applicable fire code) adopted by Summit County or any relevant Fire Protection Jurisdiction. The Park City Fire Service District or any other fire department is hereby authorized to withdraw water from any fire hydrant or hydrants for hydrant testing and inspection purposes and, in the case of fire, to use the water for fire suppression without any prior notice to the District. Any unauthorized connection to and use of water from a fire hydrant shall be a violation of this resolution and shall constitute a theft of services and the violator will be assessed a fine as specified in the current District Rate Resolution, and may be subject to other civil and/or criminal penalties as provided by law.

9.1 District Fire Hydrants

Apart from the authorized uses above, District Fire Hydrants can only be used for construction related activities as authorized by the District. The authorized user shall pay a Security Deposit and a Meter Wear and Tear Fee, as well as a Fire Hydrant Wear and Tear Fee, as outlined in the District's then current rate resolution, to the District for the use of a District meter and fire hydrant, and will be billed for water usage at the culinary construction water rates which are in effect at the time. Any damage to the hydrant or unauthorized use of water from an approved metered hydrant shall be the responsibility of the applicant or authorized user and will be taken out of the Security Deposit to pay for the damages and/or use. In addition, any unauthorized connection, which is not metered, to any fire hydrant shall constitute a theft of service.

For District fire hydrants on private roads, the property owner or the home owner's association will be responsible to clear the snow from the fire hydrant and immediate area so it is accessible for use during the winter months.

9.2 Private Fire Hydrants Connected to the District System

Private fire hydrants and the lateral line to the District's main transmission line, which are required by the Developer, owner, or Fire District, to be located within the private property area or lot confines (typically in large lots) of a residential or commercial customer, and which are necessary to supply any fire needs not available by the hydrants located along a typical abutting street or District owned distribution system, remain the property of the Developer, lot owner or customer, and the operation, testing, safety, and functionality of the hydrant and lateral, ultimately remain the responsibility of said owner. The Developer, lot owner, or customer is required to have their private fire hydrants inspected, at their sole cost and expense, no less often than every 12 months. The District may enact fees, as designated in the current District Rate Resolution, to test, inspect, and maintain said hydrants, on a regular schedule. If however, in the sole discretion of the District, it is determined that a private fire hydrant could jeopardize the District's primary water distribution system, the District may initiate a repair and/or service order on the hydrant facility and appurtenant hydrant service lateral, and impose a related fee for the service, including time and materials, upon the property or customer in a priority commensurate with any assessment or monthly water use fee. Such situations requiring said service may include, but may not be limited to: water leaks, theft of water service, illegal or unapproved water taps on the hydrant or lateral, hydrant failure or damage, residual pressure problems, lack of hydrant visibility or access, or stagnant water or backflow conditions in the hydrant service or lateral, which could pose a water quality or water born pathogen problem on the primary system, thus jeopardizing public health and safety. In addition, any unauthorized connection, which is not metered, to any fire hydrant shall constitute a theft of service.

During the winter, the property owner of the private fire hydrant(s) will be responsible to clear the snow from the fire hydrant and immediate area so it is accessible for use. The fire hydrant maintenance fee does not include snow removal.

10.0 PIPELINE EASEMENT LOCATIONS

Where possible, provision shall be made for the construction of all line extensions and subdivision water system improvements within public streets and easements. However, where the lines must cross private property, a Developer shall obtain, at Developer's sole expense, all required and necessary easements. Title to any required storage, pump station, treatment, well site, required source protection zone, or other facilities along with the perpetual rights of ingress and egress for operation, maintenance, repair and replacement of the same shall be transferred to the District. All pipeline easements shall be at a minimum twenty (20) feet wide as centered over the pipeline and will be wider for pipelines 10 inch diameter and larger and/or depths exceeding District typical standards as per the District discretion.

11.0 BACK-FLOW PREVENTION AND CROSS-CONNECTION CONTROL

11.1 Purpose

A. To protect the Public drinking water supply of the District from the possibility of contamination or pollution by requiring compliance with The Utah State Rules for Public Drinking Water Systems and the applicable Plumbing Code, that require a cross connection control protection of all public drinking water systems in the State of Utah. Compliance with these minimum safety codes will be considered reasonable diligence for the prevention of contaminants or pollutants which could backflow into the public drinking water system; and,

B. To promote the reasonable elimination or control of cross connections in the plumbing fixtures and industrial piping system(s) of the consumer, as required by the state and plumbing regulations to assure water system safety; and,

C. To provide for the administration of a continuing program of backflow prevention which will systematically examine risk and effectively prevent the contamination or pollution of the drinking water system.

11.2 Responsibilities

A. The District:

1. The District shall be responsible for the protection of the drinking water distribution system from the foreseeable conditions leading to the possible contamination or pollution of the drinking water system due to the backflow of contaminants or pollutants into the drinking water supply.

2. Drinking water system surveys/inspections of the consumer's water distribution system(s) shall be conducted or caused to be conducted by individuals deemed qualified by and representing the District. Survey records shall indicate compliance with the State of Utah Regulations. The District will maintain all such records.

3. The District shall schedule and notify in writing, all consumers of the need for the periodic system survey to insure compliance with existing applicable minimum health and safety standards.

4. Selection of an approved backflow prevention assembly for containment control required at the service entrance shall be determined from the results of the system survey.

B. Consumer:

1. To comply with this ordinance as a term and condition of water supply and consumer's acceptance of service is admittance of his/her awareness of his/her responsibilities as a water system user.

2. It shall be the responsibility of the consumer to purchase, install, and arrange testing and maintenance of any backflow prevention device/assembly required to comply with this ordinance. Failure to comply with this ordinance shall constitute grounds for discontinuation of service.

C. Plumbing or Building Official:

1. The plumbing or building official’s responsibility to enforce the applicable sections of the plumbing code begins at the point of service (downstream or consumer side of the meter) and continues throughout the length of the consumer's water system.

2. The plumbing or building official will review all plans to ensure that unprotected cross connections are not an integral part of the consumer's water system. If a cross connection cannot be eliminated, it must be protected by the installation of an air gap or an approved backflow prevention device/assembly, in accordance with the applicable Plumbing Code.

D. Certified Backflow Technician, Surveyor, or Repair Person:

1. Whether employed by the consumer or the District to survey, test, repair, or maintain backflow prevention assemblies the Certified Backflow Technician, Surveyor, or Repair Person will have the following responsibilities:

a. Insuring that acceptable testing equipment and procedures are used for testing, repairing or overhauling backflow prevention assemblies.

b. Make reports of such testing and/or repairs to the consumer and the District on form approved for such use by the District within time frames as described by the Division of Drinking Water.

c. Include the list of materials or replacement parts being used on the reports.

d. Insuring that replacement parts are equal in quality to parts originally supplied by the manufacturer of the assembly being repaired.

e. Not changing the design, material or operational characteristics of the assembly during testing, repair or maintenance.

f. Performing all test of the mechanical devices/assemblies and shall be responsible for the competence and accuracy of all test and reports.

g. Insuring that his/her license is current, the testing equipment being used is acceptable to the State of Utah, and is in proper operating condition.

h. Being equipped with, and competent to use, all necessary tools, gauges, and other equipment necessary to properly test, and maintain backflow prevention assemblies.

i. Tagging each double check valve, pressure vacuum breaker, reduced pressure backflow assembly and high hazard air gap, showing the serial number, date tested and by whom. The certified technician's license number must also be on the tag.

2. Responsibility: Repair of backflow assemblies. In the case of a consumer requiring an assembly to be tested, any currently Certified Backflow Technician is authorized to make the test and report the results to the consumer and the District. If any commercially tested assembly is in need of repair the Construction Trade License Act, Title 58, Chapter 55-2-(21), requires a licensed plumber to make actual repairs on any assembly within a building.

11.3 Definitions Unique to this Section

The following words, terms and phrases, when used in this section, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

A. Approved Backflow Assembly: An assembly accepted by the Utah State Department of Environmental Quality, Division of Drinking Water, as meeting an applicable specification or as suitable for the proposed use.

B. Auxiliary Water Supply: Any water supply on or available to the premises other than the District's public water supply will be considered as an auxiliary water supply. These auxiliary waters may include water from another purveyor's public potable water supply or any natural source(s) such as a well, spring, river, stream, etc., or "used waters" or "industrial fluids". These waters may be contaminated or polluted or they may be objectionable and constitute an unacceptable water source over which the District does not have authority for sanitary control.

C. Backflow: The reversal of the normal flow of water caused by either back-pressure or back-siphonage.

D. Back-Pressure: The flow of water or other liquids, mixtures, or substances from a region of high pressure to a region of lower pressure into the water distribution pipes of a potable water supply system from any source(s) other than the intended source.

E. Back-Siphonage: The flow or water or other liquids, mixtures, or substances under vacuum conditions into the distribution pipes of a potable water supply system from any source(s) other than the intended source, caused by the reduction of pressure in the potable water system.

F. Backflow Prevention Assembly: An assembly or means designed to prevent backflow. Specifications for backflow prevention assemblies are contained within the Uniform Plumbing Code, Chapter 10, section 1003 and in the Cross Connection Control Program for Utah maintained by the Division of Drinking Water.

G. Contamination: Means a degradation of the quality of the potable water supply by sewage, industrial fluids or waste liquids, compounds or other materials that may create a health hazard.

H. Cross Connection: Any physical connection or arrangement of piping or fixtures which may allow non-potable water or industrial fluids or other material of questionable quality to come into contact with potable water inside a water distribution system. This would include temporary conditions, such as swing connections, removable sections, four way plug valves, spools, dummy sections of pipe, swivel or change-over devices or sliding multi-port tubes or other plumbing arrangements.

I. Cross Connection - Controlled: A connection between a potable water system and a non-potable water system with an approved backflow prevention assembly properly installed and maintained so that it will continuously afford the protection commensurate with the degree of hazard.

J. Cross Connection - Containment: The installation of an approved backflow assembly at the water service connection to any customer's premises where it is physically and economically infeasible to find, permanently eliminate, or control all actual or potential cross connections within the customer's water distribution system; or, it shall mean the installation of an approved backflow prevention assembly on the service line leading to and supplying a portion of a customer's water system where there are actual or potential cross connections which cannot be effectively eliminated or controlled at the point of the cross connection (isolation).

K. District: The District's Chief Engineer is invested with the authority and responsibility for the implementation of an effective cross connection control program and for the enforcement of the provisions of this ordinance.

11.4 Requirements

A. Policy:

1. No water service connection to any premises shall be installed or maintained by the District unless the water supply is protected as required by State laws, regulations, or codes, including these regulations. Service of water to a consumer found to be in violation of these Rules and Regulations shall be discontinued by the District after due process of written notification of violation and an appropriate time suspense for voluntary compliance, if:

   a. A backflow prevention assembly required by this ordinance for the control of backflow and cross connections is not installed, tested, and maintained, or

   b. If it is found that a backflow prevention assembly has been removed or by-passed, or

   c. If an unprotected cross connection exist on the premises, or

d. If the periodic system survey has not been conducted.

Service will not be restored until such conditions or defects are corrected.

2. The customer's system(s) shall be open for inspection at all reasonable times to authorized representatives of the District to determine whether cross connections or other structural or sanitary hazards, including violation of this ordinance exist and to audit the results of the required survey (R309-102-5 of the Utah Administrative Code).

3. Whenever the public District deems a service connection's water usage contributes a sufficient hazard to the water supply, an approved backflow prevention assembly shall be installed on the service line of the identified consumer's water system, at or near the property line or immediately inside the building being served; but, in all cases, before the first branch line leading off the service line.

4. The type of protective assembly required under subsection 3. above, shall depend upon the degree of hazard which exist at the point of cross connection (whether direct or indirect), applicable to local and state requirements or resulting from the required survey.

5. All presently installed backflow prevention assemblies which do not meet the requirements of this section but were approved assemblies for the purposes described herein at the time of installation and which have been properly maintained, shall, except for the inspection and maintenance requirements under subsection 6. below, be excluded from the requirements of these rules so long as the District is assured that they will satisfactorily protect the public water system. Whenever the existing is moved from the present location or, requires more than minimum maintenance or, when the District finds that the operation or of this assembly constitutes a hazard to health, the unit shall be replaced by an approved backflow prevention assembly meeting all local and state requirements.

6. It shall be the responsibility of the consumer at any premises where backflow prevention assemblies are installed to have certified surveys/inspections, and operational test made at least once per year at the consumer's expense. In those instances where the District deems the hazard to be great, he may required certified surveys/inspections and test at a more frequent interval. It shall be the duty of the District to see that these test are made according to the standards set forth by the State Department of Environmental Quality, Division of Drinking Water.

7. All backflow prevention assemblies shall be tested within ten (10) working days of initial installation.

8. No backflow prevention assemblies shall be installed so as to create a safety hazard. Example: Installed over an electrical panel, steam pipes, boilers, or above ceiling level.

B. Violations of this Policy:

If violations of this ordinance exist or if there has not been any corrective action taken by the consumer within ten (10) days of the written notification of the deficiencies noted within the survey or test results, then the District shall deny or immediately discontinue service to the premises by providing a physical break in the service line until the customer has corrected the condition(s) in conformance with all State and local regulations and statutes relating to plumbing, safe drinking water suppliers, and this ordinance.

12.0 WASTING OF WATER PROHIBITED

12.1 General

It is a violation of these Rules and Regulations to waste water and to allow any appliance, fixture, equipment, sprinkler system, faucets, or other similar water-using facility to leak, overflow or operate in a wasteful manner, or for a customer to use water for purposes other than those for which the customer paid upon requesting service.

A. Purpose. This article is not intended to regulate or prevent the beneficial use of water on property within the District service area. It is intended to prevent and discourage the waste of water within the District service area.

B. Wasting water defined, prohibited. No person shall waste any water supplied within the District service area. In general, the water is put to waste if it is not beneficially used and it is hereby determined that the waste of water specifically includes but is not limited to the following:

1. Water running off a landscaped area to another area where it is not beneficially used such as to a street, sidewalk, gutter, alley, public utility easement or parking area paved or unpaved;

2. Washing vehicles in a driveway in a manner that uses excess water beyond that reasonably necessary for washing and rinsing;

3. The hosing down of driveways, sidewalks and other landscape should be limited and accomplished in a way that the water will run off into other landscaped areas, but, in no event, in a manner that uses excess water beyond that reasonably necessary for washing and rinsing; or

4. Any use of water in excess of that reasonably necessary to accomplish the intended task.

C. Causes of wasting water. A typical significant cause for the waste of water is the failure to properly maintain outdoor watering systems. Specific examples of such failure to maintain include but are not limited to the following:

1. Damaged or missing spray heads;

2. Damaged or missing bubbler heads;

3. Damaged or missing drip irrigation lines;

4. Failure to properly maintain berms, laterals and pipes for urban irrigation; or

5. Failure to properly maintain automatic timing systems on landscape watering.

D. Leakage, escape of water prohibited. It is hereby prohibited for anyone to permit the excess use, loss or escape of water through breaks, leaks or malfunction in the water user's plumbing or distribution facilities for any period of time after such escape of water should have reasonably been discovered and corrected.

12.2 Appeals and Exceptions

A. Application for exemption. The District's Chief Engineer may grant an exemption for the uses of water otherwise prohibited hereby if he/she finds and determines that compliance with this article will be detrimental to the health, safety and welfare of the public. The District's Chief

Engineer may grant such exception only upon an application in writing, which sets forth the specific facts, and circumstances which applicant claims to justify the granting of a variance. Upon granting any such exception, the District's Chief Engineer may impose any conditions he determines to be reasonable and proper. The conditions shall include, at a minimum, a water conservation audit of the applicant's facility.

12.3 Enforcement

A. First violation. For a first violation, the District shall issue a warning by written notice of first violation and provide educational materials on water conservation and the written policy for the watering schedule including times, to the water user violating the provisions of this article. The District may however make additional contacts and verbal notifications prior to a first violation being determined.

B. Second violation (for the same matter). The District shall issue a second written notice of violation to the water user for a second violation of this article within a twelve (12) month period. A fine as specified in the current District Rate Resolution will be added to the water bill for the address with the violation. The District may however make an additional contacts and verbal notifications prior to a second violation being determined.

C. Third violation (for the same matter). The District shall issue a third written notice of violation to the water user for a third violation of this article within a twelve (12) month period. A fine as specified in the current District Rate Resolution will be added to the water bill for the address with the violation. The District may however make an additional contacts and verbal notifications prior to a third violation being determined.

D. Fourth violation (for the same matter). The District shall issue a fourth written notice of violation to the water user for a fourth violation of this article within a twelve (12) month period. A fine as specified in the current District Rate Resolution will be added to the water bill for the address with the violation. The District may however make an additional contact and verbal notifications prior to a fourth violation being determined.

E. Subsequent violations (for the same matter) after the fourth violation; discontinuance of service. For any violation subsequent to the fourth violation of this article within twenty-four (24) months after the date of issuance of notice of first violation, a penalty as specified in the current District Rate Resolution will be added to the address that the violations occurred. The District shall discontinue water service with written notification to that customer at the premises or to the meter where the violations occurred. In addition, the District may require a security deposit. The District shall also be entitled to file an action to force compliance with these Rules and Regulations by injunctive and other appropriate legal relief.

12.4 Notice

A. Written notice. A written notice shall be issued for each violation. The first notice shall be delivered in person or by regular mail to the water user. All subsequent notices will be delivered in person or by certified mail to the person identified on the account for the meter through which the wasted water was supplied. The notice will:

1. Inform the water user that second, third, fourth or subsequent violation of these regulations, above, has occurred;

2. Specify when the previous violation(s) (of the same matter) occurred;

3. Inform the water user of the requirement for water audit and the development of a compliance schedule indicating when required measures will be completed;

4. Inform the water user that failure to correct the problem within the time limit provided for in the compliance schedule will result in another notice of violation; and

5. The notice shall contain, in addition to the facts of the violation, a statement of the possible penalties for each violation and a statement informing the customer of his right to a hearing on the violation. The effective date of violation shall be the date of issuance of the notice of violation.

12.5 Hearings

A. Right to hearing. Any person against whom a penalty is levied pursuant to this section shall have a right to a hearing with the Administrative Control Board.

B. Reservation of rights. The rights of the District pursuant to this article are cumulative to any other right or ordinance of the District in relation to the water user. All monies collected by the District pursuant to any of the penalty provisions of this article shall be deposited in the District operating account.

13.0 WATER CONSERVATION

13.1 General Regulations

Mountain Regional Water Special Service District takes water conservation very seriously. All customers and users of retail water within the District shall conform to these regulations and if adopted, the most recently adopted or amended District Water Conservation Plan.

13.2 Wholesale Customers

Wholesale customers of District water may be required to furnish to the District a copy of an adopted and implemented conservation plan within three (3) months of a written request from the District.

13.3 County Conservation Ordinance

Any Conservation Ordinance adopted by the County shall take precedence to these Rules and Regulations where any conflict may exist.

13.4 Violations

The violation of any major conservation regulation under this resolution, the Conservation Plan of the Development, or the Conservation Plan of the District may result in a thirty percent (30%) water conservation violation surcharge or penalty being added to each monthly water bill for retail customers. This surcharge or penalty is calculated as a percentage of the total bill, including base fees plus any applicable overage charges.

13.5 Enhanced Irrigation for Major Developments

Any major development (over 30 ERC’s or irrigated land exceeding 5 acres) serviced by the District grants an implied consent to the District through receipt of District water services to allow for the installation, maintenance, and monitoring of weather, rainfall, and/or evapotranspiration calculation equipment on their property to better monitor optimum water needs for the development. New developments may be required to install this equipment at developer expense, using the same procedures as outlined for other water distribution facilities in these regulations.

13.6 Water Conservation Reports and Plans

A. New non-residential buildings or structures, "Water Conservation Report". The District may request that a "Water Conservation Report", signed by a Utah registered architect or engineer be filed with the District before a District Water Availability and Concurrency Letter and/or water connection is issued or allowed for new non-residential buildings or structures unless. A "Water Conservation Report" shall contain the following:

1. A detailed section on proposed uses of water in the industrial process which must demonstrate conservation-oriented techniques, and that the water use is employing the latest commercially available technology consistent with reasonable economic return;

2. A section which reports on the exterior landscaping design, describing how native plants and xeriscaping techniques will be employed where possible, along with water efficient and non-wasteful irrigation systems.

3. A section, which notes all other areas of, planned conservation in interior/exterior water use, which demonstrates a bona fide commitment to reasonable conservation efforts.

B. Additions, alterations or repairs to existing non-residential buildings or structures, "Water Conservation Report." Additions, alterations or repairs may be made to any existing nonresidential building or structure without requiring compliance with 13.1 above provided the addition, alteration or repair conforms to that required for a new building or structure and provided that the additions, alterations or repairs within a twelve (12) month period do not exceed fifty percent (50%) of the value of the existing building or structure. When additions, alterations or repairs within any twelve (12) month period exceed fifty percent (50%) of the value of an existing building or structure, a "Water Conservation Report" may be requested by the District in accordance with this section. Failure to submit a report within three (3) months of a written request from the District shall be grounds to withhold a Water Availability and Concurrency Letter or for termination of water service to the project or development.

C. Water plan required for new non-residential users greater than 9,000 gallons per day. New non-residential users who have an estimated annual use which averages nine thousand (9,000) gallons per day or more (excluding turf-related facilities) may be required to submit a "water use plan" sealed by a Utah registered architect or engineer that it complies with this section as a condition to a water connection to the District. Failure to submit a plan within three (3) months of a written request from the District will result in the withholding of Water Availability and Concurrency Letters for the project. The "water use plan" shall contain at least the following:

1. A description of any available water conservation training programs offered to employees. Employee training information may be offered by the District to the facility after the construction is completed;

2. Whether alternative water sources will be used (i.e., effluent, poor quality groundwater or other non-groundwater sources);

3. Operating levels of total dissolved solids (TDS) or conductivity for cooling towers and total cooling capacity if applicable;

4. Whether the user will use the best available conservation technologies in accordance with existing process uses (i.e., re-circulating systems for process water, alternative dust control methods, automatic shut-down devices to eliminate continual running water);

5. Any plans for the reuse of wastewater or process water at the facility; and

6. Type of landscaping and irrigation system. Including details of the exterior landscaping design, describing how native plants and xeriscaping techniques will be employed where possible, along with water efficient and non-wasteful irrigation systems.

13.7 Irrigation Schedules and Restrictions

The District may curtail outside watering in any fashion it deems necessary to protect its water supplies during drought conditions or failure of one or more water sources. Restrictions may be set as voluntary or mandatory. If restrictions are mandatory, the District may impose fines and/or penalties to enforce the restrictions on a level to be set at the time, depending on the seriousness of the water shortages. In all cases, and for all types of customers in the District, whether a drought condition exists or not, outside watering will be scheduled at a maximum interval of every other day.

13.8 Conservation Implementation

The District may withhold Water Availability and Concurrency Letters and/or Will-Serve Letters for any project or development that fails to implement water conservation measures outlined in the District's Water Conservation Plan in the design and operation of the project(s).

14.0 EMERGENCY SITUATIONS

In times of water shortage due to drought or any other natural or man-made condition or occurrence, the District shall have full authority to declare a water emergency, and to ration or otherwise regulate the distribution and use of culinary and/or irrigation water through the District's culinary and/or irrigation water systems. Such action by the Administrative Control Board may include a moratorium on new water connections until the emergency has been alleviated.

15.0 LINE EXTENSION AND REIMBURSEMENT REGULATIONS

15.1 Definitions Unique to this Section

The following words, terms and phrases, when used in this section, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

A. Cost or costs includes the actual cost of:

1. Construction of the facilities as determined by the construction contract price; and

2. Inspection and permit fees paid to the District; and

3. Engineering fees required for the preparation of plans and specifications.

B. Developer or owner shall be deemed to be the individual, firm, corporation, partnership, association, syndication, trust or other legal entity that is responsible for creating a demand on the District water facilities.

C. Line payback charge is the amount of money a new developer or owner must pay to the District for their share of all costs for water lines benefiting his parcel that was installed by the previous "installing" developer.

D. Maximum reimbursement amount is the amount of the total cost for the portion of the lines from which persons other than the "installing" developer or owner will be served.

15.2 General Policy

A. There is established a policy and orderly program for extension of the services and facilities of the District's water system to serve and provide for newly developed areas and subdivisions inside and outside of the District limits for which District water service is desired and available and to provide for reimbursement agreements with developers or property owners and the collection of line payback charges and for the over sizing of lines. The elements of the extension policy and program set forth in this section shall apply to all extensions of the District water systems.

B. Any request for water extensions shall be made to the District's Chief Engineer. Upon satisfactory compliance with the provisions of this article, the District Treasurer shall verify the allocation of costs to the various parties, and the Administrative Control Board shall authorize and execute reimbursement agreements and over sizing agreements following established approval policies.

15.3 Water Extension Plans

Upon development of any property, area or subdivision within the District limits or of any property, area or subdivision outside of the District limits for which District water service is desired and legally available, the developer shall:

A. Submit a plan for the water systems prepared by a professional engineer licensed in this state.

B. Comply with all applicable District rules, regulations, and standards. However, the District has the discretion to have the impact fee payment timing different than the requirements in 6.2(D).

C. Obtain approval of the plan from the District.

15.4 Extensions

A. Before a permit is issued for the extension of any water line to serve a subdivision, platted or un-platted property, or development, the developer or owner desiring such extension shall submit the following:

1. A diagram of all property that will be benefited by any line to be installed.

2. A statement that the District acquires ownership of any line and appurtenances upon completion and acceptance of the work by the District.

3. A statement that the District's cost for inspecting the work shall be paid by the developer or owner through a Development deposit to the District in an amount determined by the District Treasurer. Any unused deposits shall be returned to the developer. If the related costs exceed the deposit, the developer shall be required to pay the difference.

B. The information required in paragraph (1) of subsection (A) necessary to complete the permit shall be provided by the developer or owner at his expense.

15.5 Reimbursement Agreements

A. Within sixty (60) days after the District has accepted the extension of any water line to serve a subdivision, platted or un-platted property, or development, the developer or owner desiring a reimbursement agreement with the District shall provide the following to the District:

1. A copy of the "letter of acceptance" issued by the District's Chief Engineer or representative stating that the improvements conform to the approved plans and specifications.

2. A full-size mylar copy of the approved construction plans and a redlined print of the approved construction drawings indicating actual facilities installed ("as-builts").

3. Receipts identifying actual design and construction costs, and proof that payment was fully made by the developer or owner, including any and all lien releases if applicable.

4. A diagram of all property (including the developers) that will be benefited by the line installed.

B. Reimbursement agreements shall state to whom reimbursements shall be made and shall include a diagram of the properties and respective amounts from which line payback charges may be collected.

C. Reimbursement agreements shall state the maximum reimbursement to the developer or owner for the cost of water lines installed by owner from which others may be served. Construction and design costs shall be submitted to the District in writing by the developer or owner. The results shall be reviewed and approved by the District and shall be used to determine the maximum reimbursement amount to be included in the reimbursement agreement. The developer or owner shall receive line payback charges within the payback period only from those property owners who tie into the line installed by developer/owner and thereby receive a benefit. Future extensions on the end(s) of the line(s) are exempt from any reimbursement eligibility or agreements relative to such costs incurred.

D. Any agreement providing for reimbursement of developers or owners shall run for a maximum payback period of seven (7) years after the date of acceptance of the line by the District for lines less than ten (10) miles in length, and for a maximum period of fourteen (14) years for lines equal to or greater than ten (10) miles in length. At the end of the maximum period, as determined by the District, all benefits or rights accruing to the developer or owner shall cease and terminate.

E. Upon receipt of the administrative charge defined in subsection (H) below and execution of the reimbursement agreement, the District shall record with the Summit County Recorder, as to each affected property, a notice of payback, setting forth the terms of this agreement. Once the payback charges have been collected, the District will record with the Summit County Recorder a release of the original notice of payback.

F. The District shall establish a trust account for the collection of line payback charges and payment of reimbursements. Sums collected shall be paid in accordance with the terms of the agreement, within ninety (90) days of receipt by the District. No interest shall be paid on such sums.

G. The District shall continue to collect line payback charges for any facility constructed under a reimbursement agreement after the payback period. The developer or owner shall have no claims to these line payback charges collected after the payback period has elapsed.

H. The District's cost for administration shall be paid by the developer or owner to the District prior to the execution of the reimbursement agreement. This administrative charge shall be five (5) percent of the costs incurred by the developer or owner for the lines from which

persons other than the developer or owner will be served, with a maximum amount of ten thousand dollars ($10,000.00). Administrative charges are not reimbursable.

15.6 Line Payback Charges

When an existing line is to provide water service to a developer or owner, the required line payback charge, including all costs, shall be paid to the District prior to the issuance of a Water Availability and Concurrency Letter and/or water meter, or the issuance of a permit for connecting to the water line. No person shall extend service from his tap to property for which a line payback charge has been identified but has not been paid to the District without written approval of the District.

15.7 Assignability of Agreements

Any developer or owner may assign the benefits arising out of any water reimbursement agreement with the District, but any such assignment shall not relieve the developer or owner of its duties and obligations under the agreement. The assignment shall require the written approval of the District.

15.8 Reimbursement for Main or Transmission Extensions by District

If the District elects to install a line, it shall be entitled to reimbursement of its cost plus interest at the rate of one (1) percent per month or portion thereof from the benefiting property prior to the issuance of a Water Availability and Concurrency Letter and/or water meter. The District shall prepare a reimbursement agreement with itself using procedures as set forth in this section.

15.9 Minimum Requirements for Lines

All property for which water service is desired shall, as a minimum requirement of service, be provided with, as a portion of the District system, a minimum of an eight-inch water main for the entire frontage of the parcel, which will require providing lines on both sides of the property if the property is a corner parcel.

15.10 Over Sizing

A. If the District requires that a line larger than that required by the applicant be installed, the District may pay for the cost difference between the size the owner requires and the size the District requires, providing there are sufficient funds in the capital improvements budget. Should there not be sufficient funds, the District shall have no responsibility or requirement to pay for over sizing and, the extension of the line cannot be installed unless the developer/owner pays both the cost of the line and the cost for over sizing. Over sizing costs are not reimbursable through line payback charges.

B. If the District will pay for over sizing, the District and developer/owner shall enter into an over sizing agreement that shall set forth the proportionate costs to be paid by the District and the owner. At a minimum, the pipeline servicing the initial developer must be equal to the capacity of an eight inch line or greater. Over sizing will not apply to any lines smaller than eight inch in diameter.

C. An agreement may be entered into at the District's option to consider the additional cost of over sizing as a prepayment of a portion or all of the impact or other fees required for the project.

15.11 Dedication of right-of-way

No water facilities shall serve any parcel of land unless the facilities are located within a dedicated easement or right-of-way as per these Rules and Regulations.

15.12 Payments and Administrative Costs

Separate accounts shall be established for all extension monies paid to the District for eventual reimbursement to the developer or owner. Authorized employees shall make payment there from as provided in the executed reimbursement agreement. The District's Chief Engineer or representative must accept all improvements with a final inspection before any final payments are made.

16.0 PONDS, SWIMMING POOLS, AND OTHER WATER FEATURES

Any pond, swimming pool, or other water feature utilizing and storing more than 5,000 gallons of District water shall receive approval in writing by the District prior to construction. Prior to granting approval of the use of District water for the operation of the water feature, the owner or customer may be required to:

A. Submit a plan of the facility to the District, certified by a registered engineer of the State of Utah, demonstrating that the feature is safe, will not waste water, and will be properly lined in a manner that will prevent the loss or waste of water into the soil or surrounding properties.

B. Demonstrate that a reduced pressure detector assembly or air gap backflow prevention system is implemented to protect the District culinary water facilities from possible cross-connections as per the Backflow regulations contained herein.

C. Install a separate water meter for the system, apart from the meter serving the customer.

D. Allow for the inspection of the system by District personnel at any time to verify the system integrity and immunity from leaks.

E. Stipulate that the initial and future filling(s) shall be coordinated by telephone with the District to verify the availability of water, and that the feature may be taken out of service in the event that a water emergency or drought condition exists.

F. Pay a special (higher) culinary water rate (if adopted in a rate resolution) for the filling and subsequent water deliveries necessary to maintain the water feature(s).

G. Construction or wholesale water with their accompanying charges and fees, may not be utilized for one-time or the seasonal filling of water features or ponds

H. Irrigation storage ponds must be designed to be actively filled and drained throughout the irrigation season, and to act as an appropriate buffer from peak daily or seasonal irrigation demands. Liners should be designed to accept dry and wet conditions, be immune from animal damage, and incorporate any necessary and adequate safety designs (i.e. fencing, bank stabilization, and access).

I. Ponds and reservoirs that are subject to State of Utah Division of Water Rights, Dam Safety approvals and inspections must be approved and permitted by the same, and all inspection and approval records must be made available to the District at any time.

J. All ponds that require water rights approvals or change applications approvals can not be placed into service until the same is approved and documentation of such provided to the District.

17.0 PLAN AND CONNECTION APPROVALS

No District water connection and/or water service shall be allowed, including the issuance of Water Availability or Concurrency Letter to any type of development who has not submitted for review and received proper approval by the District of plans and specifications for the connection of any related water infrastructure according to District standards, and specifications in force at the time, including these Rules and Regulations. An application shall be made to the District, including the payment of any necessary fees (including any relevant engineering review and inspection fees or deposits) for connection, including the posting of any necessary bonds or guarantees. A permit or approval shall be issued, as per these Rules and Regulations prior to the connection of a service and/or construction of any water infrastructure. This approval does not relieve the applicant from any other necessary local, County, State, and/or Federal approvals that may be required. The applicant shall also agree to the inspection of any facility or infrastructure by District personnel that shall receive service or become the property of the District upon completion. All infrastructure or water development facilities shall conform to plans and specifications submitted and certified by a licensed engineer of the State of Utah, which plans may be approved by the State Division of Drinking Water and/or County Health Department (if required), and approved by the District. Failure to do so may jeopardize acceptance of the project and water service may be withheld or terminated in the future.

18.0 SUMMIT COUNTY CONCURRENCY

Where any part of this regulation conflicts with any part of the most recently adopted Summit County Water Supply Ordinance, also referred to as the “Concurrency Ordinance”, that Ordinance, or part thereof takes precedent, and supersedes any regulations contained herein that may be in conflict.

19.0 SUB-DISTRICT OR REGION SPECIFIC REGULATIONS

Because of the Districts regional nature, sub-districts may be created internally to handle the unique demands and costs associated with water delivery in different regions and projects. Where entities are operated by contract or Interlocal agreement, their rules and regulations are superior to these, where their regulations are silent, these regulations prevail unless the applicable service contract or Interlocal agreement specifies otherwise. Each region or sub-district that is annexed into the District and/or serviced exclusively by the District, is subject to all of these Rules and Regulations, unless specifically modified or amended hereto by this regulation.

20.0 SNYDERVILLE BASIN WATER RECLAMATION DISTRICT

Pursuant to a Memorandum of Understanding (MOU) between the District and Snyderville Basin Water Reclamation District (SBWRD) jointly developed to facilitate a working relationship and agreement to improve water quality and quantity within the Snyderville Basin area through joint cooperation on various projects, etc. The District grants to SBWRD permission to use its water system(s) at no charge for flushing and cleaning of its facilities as long as there is not a water shortage and water is available in the respective area(s). SBWRD shall notify the District by telephone of it’s schedule and planed amount of water needed for a given period prior to using the system and shall also provide to the District on a monthly basis an accounting of the estimated amount of gallons used for a designated period and which system the water was drawn from, thus enabling the District to be able to account for the water in its audits and leak surveys, etc. The District shall also cooperate with Snyderville Basin Water Reclamation District on planning and implementation of water reuse efforts that benefit our mutual customers and do not degrade water quality and critical stream flows.

21.0 STANDARDS AND SPECIFICATIONS

The District is empowered to adopt water system construction standards and specifications. All development of new or enlarged water infrastructure shall comply with said standards and

specifications unless specifically exempted from certain provisions by the District's Chief Engineer, with consent of the Administrative Control Board, where special circumstances exist. The initial standards and specifications were adopted concurrently with the first adoption of these Rules and Regulations and were affixed to these regulations as an appendix. The District's Chief Engineer, with consent of the Administrative Control Board, is empowered with the authority to make revisions, modifications, or amendments to the standards and specifications at any time and as the need may arise. The standards and specifications may also specify certain brands of equipment to be exclusively used in construction so that the District does not need to acquire and stock multiple brands of repair parts and equipment inventories.

22.0 WHEELING OF WATER

The District may by contract "wheel" or transport water through it's system(s), for public and/or private systems or development, as capacity is available and at the sole discretion of the District on a contract by contract basis. The Contract may specify charges to recoup the fixed and variable costs of transportation, as well as any applicable "buy-in" costs for the project or associated infrastructure. All wheeling contracts will be based on a "take or pay" rate structure. The District is not obligated to "wheel" water that does not serve the best interests of the District.

23.0 BANKING OF WATER

The District may at its sole discretion and by agreement or contract "Bank" or hold water rights in its name for customer's current and/or future needs to protect said rights from possible forfeiture or non-use. The District may utilize these rights in the interim holding periods for any purpose, to ensure that the rights are kept in a state of beneficial public use. The District shall not however commit the rights to a permanent use for other projects, unless authorized by the "banking" agreement. All costs associated with the "banking" of water shall be born by the applicant for such service.

24.0 DE-ANNEXATION

Pursuant to Utah Code Ann. Title 17A-2-1329, areas may not be withdrawn from the district if any bonds, notes or other obligations of the district are outstanding and unpaid or if any contractual obligation to provide service exists.

25.0 AMENDMENTS

These Rules and Regulations may be supplanted, changed and amended from time to time with approval of the Administrative Control Board. No exceptions to these rules will be permitted without the prior written approval of the District. Any changes to these Rules and Regulations must comply with District bond covenants and requirements.

26.0 SAVING 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 customers of the District.

27.0 EFFECTIVE DATE

In consideration of the rapid development of the land within the District' service area, the District 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 District 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 the Administrative Control Board.

ADOPTED BY THE ADMINISTRATIVE CONTROL BOARD this 21st day of February, 2008.

_____
Richard Krebs, Chairperson
Mountain Regional Water Special Service District