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Approved Effective
Oct. 28, 2013 Nov. 1, 2013
Per O.N. 32904
Jean D. Jewell Secretary

Recurring Charges:

$25.55 minimum monthly charge; no additional charge for usage of 8,000 gallons / 10.7 CCF or less per month

$ 2.33 for each 1,000 additional gallons over 8,000 gallons for customers with usage measured in gallons

$ 3.11 for each 1.0 CCF over 10.7 CCF for customers with usage measured in cubic feet

(CCF = 100 cubic feet; 1 CCF = 748 gallons)

Meter readings will be done at the end of each month, except when conditions make the meters inaccessible. In the event the Company cannot read a customer's meter for a billing period, the customer will only be billed the minimum monthly charge as set forth above. The Company aggregates the 8,000 gallon/ 10.7 CCF monthly allowance for each month that no meter reading is taken and bills for all usage exceeding the total aggregated allowance on the next bill issued after a meter reading is taken.

Example: If the customer has used more than the monthly allowance (8,000 gallons or 10.7 CCF) over a six (6) month winter period when no meters can be read, he or she will be billed for usage exceeding the aggregated monthly allowance (48,000 gallons or 64.2 CCF) on the first bill issued after a meter reading is taken.

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Non-Recurring Charges:

1. **Hook-up Fee** (New Service) - $2,500.00 per each new customer hook-up.

2. **Late Payment Charge** – One (1%) percent monthly applicable to the unpaid balance after the due date.

3. **Reconnection fees** for accounts closed thirty (30) days or less
   Requested during normal business hours - $16.00
   Requested for other than normal business hours - $32.00

4. **Reconnection fees** for accounts closed longer than thirty (30) days
   Requested during normal business hours - $52.00
   Requested for other than normal business hours - $65.00

5. **Returned Check Fee** for each customer check returned to the Company for non-sufficient funds. - $20.00

Normal business hours are defined as 8:00 a.m. to 5:00 p.m., Monday through Friday except for the following holidays which fall on a weekday: New Years Day, Memorial Day, 4th of July, Labor Day, Thanksgiving Day and the day after Thanksgiving Day and Christmas Day.

Normal due date for all bills shall be fifteen (15) days after the billing date.

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GENERAL RULES & REGULATIONS FOR SMALL WATER UTILITIES

1. GENERAL

1.1 The Customer, in receiving water service, and the Company, in providing water service, shall both agree to abide by these rules and regulations.

1.2 In the event that there is a conflict between these rules and regulations and the Utility Customer Relations Rules (UCRR) and the Utility Customer Information Rules (UCIR), the Rules and Regulations of the Idaho Public Utilities Commission (Commission) shall take precedence unless an exception has been granted.

1.3 All recurring and non-recurring charges shall be approved in advance by the Commission.

2. DEFINITIONS

2.1 Applicant – a potential customer (person, business or government agency) applying for service to the Company and subject to the Commission's rules and regulations.

2.2 Billing Period - the period of time between bills from the Company for normal services rendered.

2.3 Commission - Idaho Public Utilities Commission.

2.4 Commodity Charge – a recurring charge based only on the quantity of water used.

2.5 Company – the water company.

2.6 Connection or Hook-Up Fee – a non-recurring charge paid by a Customer requesting service for partial or full recovery of the Company's cost of providing a new service connection.

2.7 Contribution in Aid of Construction – a non-recurring charge paid by a Customer or developer to help defray the cost of system expansion.

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2.8 Customer - a person, business or government agency responsible for paying bills and complying with the rules and regulations of the company.

2.9 Customer Charge – a recurring fixed charge to recover a portion of the cost of meter reading and billing.

2.10 Fixed or Flat Rate – a recurring charge of a fixed amount, usually in an unmetered system.

2.11 Franchise Tax – the tax imposed on a Company by a governmental entity for the privilege of doing business within its boundaries.

2.12 Late Payment Charge – the non-recurring charge levied against any delinquent balance.

2.13 Minimum Charge – the minimum recurring charge for a billing period that may or may not include a specified quantity of water.

2.14 Non-recurring Charges – the charges that are not assessed each billing period.

2.15 Premises – the Customer's property including out buildings which are normally located on one lot or parcel of ground.

2.16 Rate Schedule - the schedules of all recurring and non-recurring charges of the Company.

2.17 Reconnection Charge – the charge paid by a Customer to the Company to restore service after disconnection.

2.18 Recurring Charges – the charges that are assessed each billing period.

2.19 Tariff – the rate schedules and the rules and regulations which govern the Company's service.

2.20 Utility Customer Information Rules (UCIR) – Information to Customers of Gas, Electric, and Water Public Utilities - IDAPA 31.21.02.000 et seq.

2.21 Utility Customer Relations Rules (UCRR) - Customer Relations Rules for Gas, Electric, and Water Public Utilities Regulated by the Idaho Public Utilities Commission (The Utility Customer Relations Rules) - IDAPA 31.21.01.000 et seq.

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3. SERVICE FOR NEW CUSTOMERS

3.1 The Company shall furnish service to applicants within its certificated service area in accordance with rates and the rules and regulations approved by the Commission.

3.2 Applicants for water service may be required to sign a standard form of service application.

3.3 The Company shall not be obligated to provide service at a service location until any required deposit has been received by the Company in accordance with the UCRR.

3.4 Special contracts may be required where large investments in special facilities are necessary to provide the requested service. The Company may require contribution toward such investment and establish such minimum charges as are deemed necessary. All such contracts shall be subject to the approval of the Commission.

3.5 The Company reserves the right to place limitations on the amount and character of water service it will supply and to refuse service if, in its opinion:

a. the Company is required to refuse or limit service by regulatory authorities having jurisdiction over the Company;

b. the requested service installation is of larger size than is necessary to properly serve the premises;

c. the permanency of the building, structure, or institution requesting to be served is such that the Company's investment in such service is jeopardized;

d. the depth of the applicant's service line is less than the minimum depth required for frost protection;

e. the applicants' proposed service, main or other appurtenance does not conform to good engineering design or meet the standard specifications of the Company; or

f. if the applicant refuses to agree to abide by the rules and regulations of the Company.

If the Company denies service to an applicant for any reason, it shall immediately provide the applicant with a written explanation of its decision in accordance with the UCRR.

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4. DEPOSITS

4.1 Rules and Regulations regarding deposits can be found in the UCRR.

5. RATES

5.1 Rates charged for water service and supply shall be those published in the Company's tariff and approved by the Commission.

6. BILLING AND PAYMENT

6.1 All Customers shall be billed on a regular basis as identified on the applicable rate schedule.

6.2 If the system is metered, the Company shall try to read the meters prior to each billing unless specified differently on the applicable rate schedule. If the Company's meter reader is unable to gain access to the premises to read the meter, or in the event the meter fails to register, the Company will estimate the Customer's water consumption for the current billing period based on known consumption for a prior similar period or average of several periods. Subsequent readings will automatically adjust for differences between estimated and actual. Bills based on estimated consumption shall be clearly marked as "estimated".

6.3 All bills shall clearly indicate the balance due, and may be due and payable no less than 15 days after the date rendered. All bills not paid by due date may be considered delinquent and service may be disconnected subject to the provisions of the UCRR.

6.4 A Late Payment Charge may be levied against any delinquent account. All payments received by the next billing date shall be applied to the Customer's account prior to calculating the Late Payment Charge.

6.5 The minimum bill or customer charge shall apply when service is provided for less than one month.

6.6 Owners of premises with one or more condominiums, buildings, stores, apartments or any other divisions of like or similar character, all of which are served from one (1) service connection

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are responsible for the entire water charges. If the owner desires to cease being responsible for water bills for such places and desires that the occupant of each division will be responsible for her or her respective bill, such transfer of responsibility will not be accepted or recognized by the Company until the plumbing arrangements of the building or premises are so changed by the owner or his or her agent as to permit the Company, to its satisfaction, to serve each division or occupant separately from the other occupants in the same building.

6.7 Accounts shall be continued and water bills rendered regularly until the Company has been duly notified to discontinue service.

7. METERING (If Applicable)

7.1 Meters will be installed by the Company near the Customer's property line or at any other reasonable location on the Customer's premises that is mutually agreed upon.

7.2 The Company's representative shall be given access to the Customer's premises at all reasonable hours for the purpose of obtaining meter readings. In the event of recurring inaccessibility the Company may, at its option and after notifying the customer, relocate its metering equipment at the Customer's expense.

7.3 The Company shall be responsible for the maintenance of its metering equipment. Meters are considered to be sufficiently accurate if tests indicate that meter accuracy is within $\pm$ 2 percent. When for any reason a meter fails to register within these limits of accuracy, the Customer's use of water shall be estimated on the basis of available data and charges shall be adjusted accordingly. Corrected bills shall then be sent out to the customer and additional payment or refund arrangements shall be made in accordance with the UCRR.

7.4 The Company reserves the right to test and/or replace any meter. Upon deposit of a "Meter Testing Fee" by a Customer, the Company will test the Customer's meter. If the test indicates that the meter over-registers by more than 2 percent, it shall be replaced with an accurate meter at no cost to the Customer and the "Meter Testing Fee" shall be refunded and water bills shall be adjusted in accordance with the UCRR. Meter Testing Fees shall require prior approval by the Commission.

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7.5 At the Company's discretion, un-metered Customers may be converted to metered service if such transition occurs in a planned, systematic manner without unreasonable discriminations and if the Company has an approved metered rate.

7.6 The Company will have the right to set meters or other devices without notice to the Customer for the detection and prevention of fraud.

7.7 In any building where the meter is to be installed in the basement, the incoming water pipe must enter the basement at least sixteen (16) inches from the riser in order that a meter can be set in a horizontal position in the basement. All pipes to the different parts of the building or grounds must lead from the riser at least one (1) foot above the elbow.

8. CUSTOMER PLUMBING AND APPLIANCES

8.1 All plumbing, piping, fixtures and appliances on the Customer's side of the service connection will be installed and maintained under the responsibility and at the expense of the Customer or owner of the premises.

8.2 The plumbing, piping, fixtures and appliances shall be maintained in conformity with all municipal, state and federal requirements. The nature and condition of this plumbing, piping and equipment will be such as not to endanger life or property, interfere with service to other Customers or permit those with metered services to divert system water without meter registration.

8.3 A stop-and-waste valve will be installed on the Customer's plumbing in a place always accessible and so located as to permit shutting off the water for the entire premises with the least possible delay.

8.4 All persons having boilers, water tanks or other equipment supplied by direct pressure from the Company's mains should install a pressure relief valve, or other device to serve the same purpose, so as to prevent excess pressure from forcing hot water and/or steam back into the water meter and mains of the Company. All damage to the Company's property resulting from the failure to properly equip plumbing with a relief valve will be billed to the Customer.

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8.5 The Company is not obligated to perform any service whatever in locating leaks or other trouble with the customer's piping.

8.6 When the premises served by the Company are also served in any manner from another water supply of any kind, an approved backflow prevention device shall be installed at the service connection. Water service for either stand-by or other purposes will not be furnished until piping and connections are inspected and approved by a representative of the Company.

8.7 Property owners will not be allowed to connect the water service of different properties together.

8.8 All of the Customer's service pipes and fixtures must be kept in repair and protected from freezing at his or her expense. When there are leaking or defective pipes or fixtures, the water may be turned off at the option of the Company until the proper repairs are made.

9. INSTALLATION OF SERVICE CONNECTIONS

9.1 The service connection is the property of the Company and as such, the Company is responsible for its installation and maintenance. It consists of piping, curbstop and valve or meter box and a meter, if the system is metered. The service connection transmits water from the Company's water main to a valve or meter box generally located near the Customer's property line. All piping, valves or appliances beyond this point shall be the property and responsibility of the Customer.

9.2 The Company reserves the right to designate the size and location of the service line, curbstop, meter (if applicable) and meter or valve box and the amount of space which must be left unobstructed for the installation and future maintenance and operation thereof.

9.3 Where a service connection is desired for premises on which there is no permanent structure, the Company will install a service connection to said premises only upon payment by the applicant of the estimated cost of said service connection. If within a period of five (5) years from the installation of said service connection a permanent structure is erected on the premises, the Company will refund, with interest, the difference between any approved new

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Customer charges in effect at the time of connection, and the applicant's advance.

9.4 The extra costs of any out-of-the-ordinary circumstances requiring additional equipment or special construction techniques involved in the installation of a service connection will be agreed to in advance by the Customer and the Company.

10. REPLACEMENT OR ENLARGEMENT OF SERVICE CONNECTION

10.1 Unless otherwise provided herein, the Company shall replace or enlarge service connections at its own expense as follows:

a. whenever it is necessary to change the location of any service connection due to relocation or abandonment of the Company's mains; and,

b. for commercial or industrial services where the type or volume of use has changed and the enlargement will result in sufficient increase in annual revenue to justify the enlargement.

10.2 The relocation, enlargement or reduction of service connections for the convenience of the Customer will be at the expense of the Customer. Prior to such relocation, enlargement or reduction, the Customer will deposit the estimated cost thereof with the Company. Within fifteen (15) days, a refund will be made to the Customer in the amount by which the estimated cost exceeds the actual cost. The amount by which the actual cost exceeds the estimated cost will be due and payable within fifteen (15) days after billing for such deficiency.

10.3 Enlargement of any service connection will be made only after such time as the Customer's plumbing inside his or her premises have been enlarged sufficiently to accommodate the additional capacity.

11. DISCONNECTION AND RECONNECTION OF SERVICE

11.1 When a Customer desires to discontinue service he shall give notice to the Company at least two (2) days in advance and be responsible for all water consumed for the two (2) days after the date of such notice.

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11.2 The Company shall discontinue a Customer's service on an involuntary basis only in accordance with UCRR.

11.3 When it becomes necessary for the Company to involuntarily discontinue water service to a Customer, service shall be reconnected only after all bills for service then due have been paid or satisfactory payment arrangements have been made.

11.4 A reconnection fee may be charged each time a Customer is disconnected, either voluntarily or involuntarily, and reconnected at the same premises. The reconnection fee will be paid before service is restored. Reconnection fees shall not be charged for any situation or circumstance in which the Customer's water supply is disconnected by the Company for its convenience.

11.5 The Company reserves the right at any time, upon notice, to shut off the water for maintenance or expansion and, in emergencies, may do so without notice. The Company shall at all times use reasonable diligence and care to prevent interruption of said water service.

11.6 Except in the case of an emergency, no one, except an authorized Company representative, shall turn on or turn off the water on the Company's side of the service connection.

12. EXTENSION OF WATER MAINS

12.1 The extension of system water mains for the purpose of providing new service shall be handled in accordance with the "Uniform Main Extension Rules for Small Water Companies" which is attached to these Rules and Regulations as an Appendix.

13. MISCELLANEOUS

13.1 No customer shall permit any person from another premises to take water from his or her water service or tap for more than (1) week without the written permission and consent of the Company.

13.2 No person acting either on his or her own behalf or an agent of any person, firm, corporation or municipality not authorized by the Company shall take any water from any fire hydrant on the Company's system except in the case of an emergency.

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13.3 No person shall place upon or about any hydrant, gate, box, meter, meter box or other property of the Company any building material or other substance so as to prevent free access at all times to the same.

13.4 Service will be maintained to domestic Customers on a preferential basis. Delivery of water under all schedules may be restricted, interrupted or curtailed at the discretion of the Company in case of shortage or threatened shortage of water.

13.5 No rate contract or application is assignable from one user to another, except upon agreement of all parties concerned.

13.6 The Company representative shall be given access to the premises of the Customer at all reasonable hours for obtaining meter readings, for turning on or shutting off the flow of water, for inspecting, removing, repairing or protecting from abuse or fraud any of the property of the Company installed on the premises. Access shall be granted at all times for emergency purposes.

13.7 No one shall tamper or interfere with the Company's equipment or property, nor shall repairs, connections or replacements be made without the Company authorization.

13.8 Whenever an applicant desires service of a character for which there is no available service classification, a contract may be executed in lieu of a tariff. Any such contract shall be subject to the approval of the Idaho Public Utilities Commission.

13.9 Copies of the Company's rates and summary of rules and regulations shall be available at the Company's office and provided to customers upon commencement of service, and annually thereafter in accordance with the UCRR and the UCIR.

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14. Special Provisions or Amendments

14.1 Cross Connection Control - Backflow Prevention Equipment.

a. In accordance with Spirit Lake Water Company Cross Connection Control program, as filed with the Idaho Department of Environmental Quality, the Company shall require an appropriate backflow prevention device be installed on any customer s service connection whenever an actual or potential hazard is deemed to exist. Any such device shall appear on the State's list of approved backflow prevention devices and be approved by the Company prior to installation.

b. In the event that a backflow prevention device is required, it shall be installed, maintained and tested at the customer s expense. Failure to install, maintain or test the required device will result in termination of service to the customer in accordance with IPUC's General Rules and Regulations.

c. The Company shall require that all backflow devices connected to the public drinking water system be tested upon installation, and annually thereafter or when relocated or repaired. All testing shall be completed by a State of Idaho certified backflow assembly tester (BAT). The results of the tests shall be reported to Spirit Lake East Water Company within 30 days from the date of the test. The submitted form shall be preapproved by the Company.

d. It is the sole responsibility of the Customer to install, operate and maintain at all times their plumbing system in compliance with the current edition of the Uniform Plumbing Code.

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UNIFORM MAIN EXTENSION RULE FOR WATER UTILITIES
Based on Order No. 7830 (Case No. U-1500-22)

A. GENERAL PROVISIONS AND DEFINITIONS

1. Applicability

   a. All extensions of distribution mains from the utility's existing distribution system, to serve new customers, except for those specifically excluded below shall be made under the provisions of this Rule unless specific authority is first obtained from the Commission to deviate therefrom. A main extension contract shall be executed by the utility and the applicant or applicants for the main extension before the utility commences construction work on said extension or, if constructed by applicant or applicants, before the facilities comprising the main extension are transferred to the utility.

   b. Extensions solely for fire hydrant, private fire protection, resale, temporary, standby, or supplemental service shall not be made under this Rule.

   c. The utility may, but will not be required to, make extensions under this Rule in easements or rights-of-way where final grades have not been established, or where street grades have not been brought to those established by public authority. If extensions are made when grades have not been established and there is a reasonable probability that the existing grade will be changed, the utility shall require that the applicant or applicants for the main extension deposit, at the time of execution of the main extension agreement, the estimated net cost of relocating, raising, or lowering facilities upon establishment of final grades. Adjustment of any difference between the amount so deposited and the actual cost of relocating, raising, lowering facilities shall be made within ten (10) days after the utility has ascertained such actual cost. The net deposit representing actual cost is not subject to refund. The entire deposit related to the proposed relocation, raising or lowering shall be refunded when such displacements are determined by proper authority to be not required.

2. Definitions

   a. Bona Fide Customer, for the purposes of this Rule, shall be a customer (excluding any customer formerly served at the same location) who has given satisfactory evidence that service will be reasonably permanent to the property which has been improved with a building of permanent nature and to which service has commenced. The provision of service to a real estate developer or builder during the construction or development period shall not establish him as a bona fide customer.

   b. Real Estate Developer or Builder, for purposes of this Rule, shall include any individual, association of individuals, partnership, or corporation that divides a parcel of land into two (2) or more portions.

   c. Adjusted Construction Cost, for the purposes of this Rule, shall be reasonable and shall not exceed the costs recorded in conformity with generally accepted water utility accounting and sound engineering practices, and as specifically defined in the, Uniform System of Accounts

for Water Utilities prescribed by the Commission, of installing facilities of adequate capacity for the service requested. If the utility at its option should install facilities with' a larger capacity or resulting in a greater footage of extension than required for the service, the adjusted construction cost for the purposes of this Rule shall be determined by the application of an adjustment factor to actual construction cost of facilities installed. This factor shall be the ratio of estimated cost of required facilities to estimated cost of actual facilities installed.

d. Commission shall mean the Idaho Public Utilities Commission.

3. Ownership, Design and Construction of Facilities

a. Any facilities installed hereunder shall be the sole property of the utility. In those instances in which title to certain portions of the installation, such as fire hydrants, will be held by a political subdivision, such facilities shall not be included as a part of the main extension under this Rule.

b. The size, type, quality of materials and their location shall be specified by the utility and the actual construction shall be done by the utility or by a constructing agency acceptable to it.

c. Where the property of an applicant is located adjacent to a right-of-way, exceeding 70 feet in width, for a street, highway or other public purpose, regardless of the width of the traveled way or pavement; or a freeway, waterway or railroad right-of-way, the utility may elect to install a main extension on the same side thereof as the property of the applicant and the estimated and adjusted construction costs in such case shall be based upon such an extension.

d. When an extension must comply with an ordinance, regulation, or specification of public authority, the estimated and adjusted construction costs of said extension shall be based upon the facilities required comply therewith.

4. Estimates, Plans and Specifications

a. Upon request by a potential applicant for a main extension, the utility shall prepare without charge a preliminary sketch and rough estimates of the cost of installation to be advanced by said applicant.

b. Any applicant for a main extension requesting the utility to prepare detailed plans, specifications and cost estimates shall be required to deposit with the utility an amount equal to the estimated cost of preparation of such material. The utility shall, upon request, make available within 45 days after receipt of the deposit referred to above, such plans, specifications and cost estimates of the proposed main extension. If the extension is to include oversizing of facilities to be done at the utility's expense appropriate details shall be set forth in the plans, specifications and cost estimates.

c. In the event a main extension contract with the utility is executed within 180' days after the utility furnishes the detailed plans and specifications, the deposit shall become a part of the advance, and shall be refunded in accordance with the terms of the main extension contract. If such contract is not so executed the deposit to cover the cost of preparing plans, specifications and cost estimates shall be forfeited by the applicant for the main extension and the amount of the forfeited deposit shall be credited

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to the account or accounts to which the expense of preparing said material was charged.

d. When detailed plans, specifications and cost estimates are requested the applicant for a main extension shall furnish a map to a suitable scale showing the street and lot layouts, and when requested by the utility, contours or other indication of the relative elevation of the various parts of the area to be developed. If changes are made subsequent to the presentation of this map by the applicant, and these changes require additional expense in revising plans, specifications and cost estimates this additional expense shall be borne by the applicant, not subject to refund, and the additional expense thus recovered shall be credited to the account or accounts to which the additional expense was charged.

5. Timing and Adjustment of Advances

a. Unless the applicant for the main extension elects to arrange for the installation of the extension himself as permitted by Section C.1.c., the full amount of the required advance or an acceptable surety bond must be provided to the utility at the time of execution of the main extension agreement.

b. If the applicant for a main extension posts a surety bond in lieu of cash, such surety bond must be replaced with cash not less than ten (10) calendar days before construction is to commence; provided, however, that if special facilities are required primarily for the service requested, the applicant for the extension may be required to deposit sufficient cash to cover the cost of such special facilities before they are ordered by the utility.

c. An applicant for a main extension who advances funds shall be provided with a, statement of actual construction cost and adjusted construction cost showing in reasonable detail the cost incurred for material, labor, any other direct and indirect costs , overheads, and total costs; or unit costs or contract costs; whichever are appropriate.

d. Said statement shall be submitted within sixty (60) days after the actual construction costs of the installation have been ascertained by the utility. In the event that the actual construction costs for the entire installation shall not have been determined within 120 days after completion of construction work, a preliminary determination of actual and adjusted construction costs shall be submitted, based upon the best available information at that time.

e. Any differences between the adjusted construction costs and the amount advanced shall be shown as a revision of the amount of advance and shall be payable within thirty (30) days of submission of the statement.

6. Assignment of Main Extension Contracts - Any contract entered into under Sections B and C of this Rule, or under similar provisions of former rules, may be assigned after settlement of adjusted construction costs, after written notice to the utility by the holder of said contract as shown by the utility's records. Such assignment shall apply only to those refunds which become due more than thirty (30) days after the date of receipt by the utility of the notice of assignment. The utility shall not be required to make any one refund payment under such contract to more than a single assignee.

7. Interpretations and Deviations - In case of disagreement or dispute regarding the application of any provision of this Rule, or in circumstances where the application of this Rule appears unreasonable to either party, the utility, applicant or applicants may refer the matter to the Commission for determination.

B. EXTENSIONS TO SERVE INDIVIDUALS

1. Free-Footage Allowance - The utility shall extend its water distribution mains to serve new bona fide customers at its own expense, other than to serve subdivisions, tracts , housing projects , industrial developments or organized commercial districts, when the required total length of main extension from the nearest existing utility facility is not in excess of fifty (50) feet per service connection.

2. Advances - If the total length of main extension is in excess of fifty (50) feet per service connection applied for, the applicant or applicants for such service shall be required to advance to the utility, before construction is commenced, that portion of the estimated reasonable cost of such extension which exceeds the estimated reasonable cost of 50 feet of the main extension per service connection, exclusive of the cost of service pipes, meter boxes and meters. Such estimated reasonable cost shall be based upon the cost of a main not in excess of six (6) inches in diameter except where a larger main is required by the special needs of the applicant or applicants. The amount of the advance is subject to adjustment in accordance with the provisions of Section A.5.e. of this Rule.

3. Refunds - The money so advanced shall be refunded by the utility, in cash without interest, in payments equal to the adjusted construction cost of fifty (50) feet of the main extension for which advance was made, for each additional service connection made to said main extension exclusive of that of any customer formerly served in a reasonable manner at the same location. At the request of the applicant, refunds shall be made within 180 days after the date of first service to a bona fide customer. If no request is received from applicant the utility shall, initiate refunds on an annual basis. No refunds shall be made, after a period of ten (10) years from the date of completion of the main extension and, the total refund shall not exceed the amount advanced.

4. Exceptions - Where a group of five (5) or more individual applicants requests service from the same extension, or in unusual cases after obtaining Commission authorization, the utility, at its option, may require that the individual or individuals advance the entire cost of the main extension as herein provided and the utility shall refund this advance as provided in Section C.2. of this Rule.

C. EXTENSIONS TO SERVE SUBDIVISIONS, TRACTS, HOUSING PROJECTS INDUSTRIAL DEVELOPMENTS OR ORGANIZED COMMERCIAL DISTRICT

1. Advances –

   a. Unless the procedure outlined in Section C.1.c. is followed, an applicant for a main extension to serve a new subdivision, tract, housing project or industrial development or organized commercial district shall be required to advance to the utility, before construction is commenced, the

estimated reasonable cost of the extension to be actually installed, from the nearest utility facility at least equal in size or capacity to the main required to serve both the new customers and a reasonable estimate of the potential customers who might be served directly from the main extension without additional extension. The costs of the extension shall include necessary service stubs, or service pipes, fittings, gates and housing therefore, and meter boxes, but shall not include meters. To this shall be added the cost of fire hydrants when requested by the applicant for the main extension or required by public authority, whenever such hydrants are to become the property of the utility.

b. If, for any purpose, special facilities are required primarily for the service requested, the cost of such special facilities may be included in the advance, subject to refund, as hereinafter provided, along with refunds of the advance of the cost of the extension facilities described in Section C.1.a. above.

c. In lieu of providing the advances in accordance with Sections C.1.a. and C.1.b., the applicant for a main extension shall be permitted, if qualified in the judgment of the utility, to construct and install the facilities himself, or arrange for their installation pursuant to competitive bidding procedures initiated by him and limited to qualified bidders. The cost, including the cost of inspection and supervision by the utility, shall be paid directly by applicant. The applicant shall provide the utility with a statement of actual construction cost in reasonable detail. The amount to be treated as an advance subject to refund shall be the lesser of (1) the actual cost, or (2) the price quoted in the utility detailed cost estimate. The installation shall be in accordance with the plans and specifications submitted by the utility pursuant to Section A.4.b.

2. Refunds

a. The amount advanced under Sections C.1.a., C.1.b.; i and C.1.c. shall be subject to refund by the utility in cash, without interest, to the party or parties entitled thereto as set forth, in the following two paragraphs. The total amount so refunded shall not exceed the total of the amount advanced. Except as hereinafter provided, the refunds shall be made in annual, semiannual or quarterly payments at the election of the utility, and for a period not to exceed twenty (20) years after the date of the contract.

b. Whenever costs of main extensions have been advanced pursuant to Sections C.1.a. or C.1.c., the utility shall determine the revenue received from customers other than residential, including fire protection agencies, supplied by service pipes connected directly to the extension for which the cost was advanced. The refund shall be 22 percent of the revenue so received. For residential customers connected directly to the extension for which the cost was advanced, the utility shall refund 22 percent of the average revenue per residential customer of the entire system for the immediately preceding 12-month period. (See Section C.2.d. and B.3.)

c. Whenever costs of special facilities have been advanced pursuant to Sections C.1.b. or C.1.c., the amount so advanced shall be divided by the number of lots to be served by the special facilities. This advance per lot shall be refunded for each lot on which one or more bona fide customers are served by those facilities.

d. With respect to a contract entered into on and after the effective date of this Rule, if, at any time during the 20-year refund period specified above 80 percent of the bona fide customers for which the extension or special facilities were designed are being served therefrom, the utility shall immediately notify the contract holder of that fact, and at that time shall become obligated to pay, in cash, any balance which may remain unrefunded at the end of said 20-year period. Such balance shall be refunded in five (5) equal annual installments, payable beginning 21 years after the date of the contract.

e. Where a contract has been entered into under a former main extension rule, and where 80 percent of the bona fide customers for which the extension or special facilities were designed are being served therefrom, the utility may negotiate and enter into a new and substitute contract, identical in all respects, with the original contract, including the original termination date, except that said substitute contract shall include the following provisions: "Notwithstanding any other provisions hereof, any unrefunded balance remaining at the termination date of this contract shall be paid in five (5) equal annual , installments beginning one (1) year after, said termination date."

3. Termination of Main Extension Contracts

a. Any contract entered into under Section C of this Rule, or under similar provisions of former rules may be purchased by the utility and terminated, after first obtaining the authorization of the Commission, at any time after the number of bona fide customers then receiving service from the extension for which the advance was made equals at least 60 percent of the total number of bona fide customers for which such extension was designed by the utility and the terms are otherwise mutually agreed to by the parties or their assignees and that, Section C.3.b. and Section C.3.c. hereof are complied with.

b. The utility, in requesting authorization for such termination shall furnish to the Commission the following information in writing by an advice letter in the event the termination is to be accomplished by payment in cash, or by a formal application:

(1) A copy of the main extension contract, together with data adequately describing the development for which the advance was made and the total adjusted construction cost of the extension.

(2) The balance unpaid on the contract, as above defined, as of the date of termination and terms under which the obligation is requested to be terminated.

(3) The name of the holder of the contract when terminated.

(4) The total number of bona fide customers for which the extension was designed and the number of bona fide customers actually receiving service on said extension as of the proposed date of contract.

c. Discounts obtained by the utility for contracts terminated under the provisions of this Section shall be accounted for by credits to Account 265 - Contributions in Aid of Construction.