SECTION 13

SERVICE OF TOWNS, MUNICIPALITIES, AND ACTIVITIES SERVED BY A MASTER METER

1300 GENERAL The purpose of this section is to outline the general terms and conditions under which the District will consider providing service to a town, municipality, or other entity requesting a master meter.

For information, the annual gallons authorized for a 2 inch water meter is 2,400,000 gallons as reflected in Section 15 (Rate and Fee Schedule) to these regulations. It is recognized that the District has existing customers whose annual usage exceeds 2,400,000 gallons and these existing customers will not be affected by the provisions of this section. As a matter of explanation, a two-inch water tap has the capability of 84,000,000 gallons of water annually (257 acre feet) and the tap fee for a 2 inch tap allows the District to acquire eight and one-half acre feet of water.

1301 CONDITIONS OF SERVICE:

1301.1 The entity must have the right of perpetual existence and be capable of generating revenues sufficient to meet all costs associated with providing the water service.

1301.2 The conditions of providing water service will be specified in a contractual agreement (such agreement to be prepared by the Attorney of the District).

1301.3 The water rights necessary to support the new requested water service may be owned by the requesting entity and transferred annually to the District. The amount of water provided to the District will be 115 percent of the actual water used. This additional 15 percent will compensate the District for lost water within the distribution system. Any fees or costs associated with these water rights will be borne by the entity requesting service.

1301.4 The entity requesting water service will be responsible for all costs associated with the tie-in to the existing District system. If additional capital improvements are identified and necessary to support the new request, the requesting agency will be responsible for the proportionate share of these capital improvements

1301.5 The metering devices installed at the expense of the requesting entity will, upon completion, be dedicated free of charge to the District. Maintenance of these metering devices will be the responsibility of the District. All metering devices will have a flow restricting device installed so that the maximum amount of water provided for in the contract will not be exceeded unless the line sizing accomplished this requirement.

1301.6 The rate structure for water sold under contract as described herein will be reviewed annually by the District, and the District shall retain the authority to modify the rates annually.

1301.7 The entity requesting water service will not be entitled to representation on the Board of Directors in either an official or advisory status by virtue of the contract or water service agreement. The representation on the Board will be as prescribed by state law.

1301.8 All master meters will be billed on a monthly basis.

1301.9 As a matter of policy, it is not deemed desirable for the District and the entity requesting water services to enter into any agreements relative to the joint ownership of waterworks facilities.

1302 SERVICE BOUNDARIES Any contract or water service agreement to provide domestic water service to any entity as described herein will contain a specific boundary area to describe where the District water will be utilized. This will facilitate the capital planning for the District and prohibit the requesting agency from purchasing water wholesale from the District and then competing with the District's retail rates and fees. The water sold by the District under a contractual agreement and at wholesale rates may not be used outside of the boundaries identified within the agreement.

1303 CONSIDERATION OF SERVICE FEE In order to evaluate a request for a master meter, a nonrefundable fee of $1,000 will be paid in advance by the requested entity. The fee is designed to cover the legal costs, engineering research, District staff work, as well as additional time and effort needed on the part of the Board of Directors to evaluate the request. Any engineering fees incurred by the District in excess of $300 to evaluate the master meter request will be billed to the requesting entity. These additional engineering fees will be paid prior to the District rendering a decision on the matter. Any changes to this meter will be promulgated and updated in the District's Rate and Fee Schedule as contained in Section 15 to these regulations.

1304 RIGHT TO REFUSAL OF SERVICE The District Board retains the right to refuse to provide service when, in the opinion of the Board, the providing of water service is not in the best interest of the District. The Board's decision in these matters will be final and may be made, notwithstanding any of the provisions of this section or these Rules and Regulations.

~ END OF SECTION 13 ~

These Rules and Regulations were revised, accepted, and approved by the Little Thompson Water District Board of Directors on September 5, 1996.