

**RULES AND REGULATIONS OF THE
PINE CREEK CANYON DOMESTIC WATER IMPROVEMENT DISTRICT
As Approved by the Board of Directors on December 12, 2020 and June 17, 2023**

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DEFINITIONS:

- 1.1 Defined Terms. In these Rules, unless the context clearly requires otherwise
- A. "Applicant" means a Property Owner who applies for Water and Wastewater service (together "Service") from the District, to be delivered to real property within the District owned by the Property Owner, either through existing connection in the case of a Transfer, or through new connections in the case of a new installation.
 - B. "Board" means the Board of Directors of the District.
 - C. "Commercial Water Use" means all uses of Water for other than Domestic Use.
 - D. "County" means Gila County, Arizona.
 - E. "Customer" means an individual or entity who is receiving Service from the District through one or more Service connections.
 - F. "District" means the Pine Creek Canyon Domestic Water Improvement District ("PCCDWID") as its legal boundaries may exist from time to time.
 - G. "Domestic Water Use" means for human consumption, not agricultural use and not large scale industrial use.
 - H. "Entity" means a corporation, limited or general partnership, limited liability company, trust, or any other form of association or legal entity.
 - I. "Fee" means the dollar amount specified on the District's Water and Wastewater Rate Schedule or Interconnection Policy as adopted from time to time.
 - J. "Interconnection Policy" means any policy adopted by the Board that covers proposed additions to the District's infrastructure to provide service to additional Customers of the District that will occupy land other than existing subdivided lots designated in original or other County approved subdivision plats. The Interconnection Policy does not apply to bulk sales of water to customers that use the water outside the District boundaries.
 - K. "Occupants" means owners, renters, guests or others that live in homes, guest houses, or other structures within the District.
 - L. "Plans" means the District's detailed construction plans, specifications and cost estimates for a Water main extensions or Sewer connections and/or re-configuration of the District's systems, equipment, and/or infrastructure that would be reasonably required to provide Domestic Water service and Sewer service to an Applicant.
 - M. "Property" means any lots, parcels, or tracts of land located within the District.
 - N. "Property Owner" means each of the individuals and Entities that are the owners (as shown on the records of the County) of any real property located within the boundaries of the District.

- O. "Rate Schedule" means the Rate and Fee Schedule of the District adopted by the Board, as it may be amended from time to time.
 - P. "Rules" means these Rules and Regulations of the District as they may be amended from time to time.
 - Q. "Security Deposit" means the funds deposited with the District as provided for in Section 4 of these Rules.
 - R. "Service" means (a) delivery of potable Water to the District's service meter near the edge of the Customer's Property, and (b) the collection and treatment of Wastewater from the edge of the Customer's Property through the treatment plant and to the percolation/evaporation pond.
 - S. "Sewer" means a Wastewater collection or processing line.
 - T. "State" means the State of Arizona.
 - U. "Transfer" means any change in the legal individual or Entity who is the legal Property Owner of record with the County. "Transfer" includes without limitation the following: (i) sales to third parties; (ii) assignments by individuals to entities such as partnerships or trusts which they control; and (iii) any change which (alone or together with all prior changes) results in a change of more than fifty percent (50%) of the ownership interests in any Entity that is the Property Owner.
 - V. "Wastewater" means sewage and non-potable waters collected through the District to be treated by the Sewage treatment facility to become effluent to transfer to the percolation/evaporation pond.
 - W. "Water" means Domestic potable water produced, treated and maintained for human consumption.
- 1.2 Number and Gender. In these Rules, where the context requires in any particular case, the singular includes the plural and vice versa, and the neuter gender includes the masculine and feminine genders.

2. PURPOSE AND APPLICATION OF THESE RULES AND REGULATIONS:

- 2.1 Provide Water and Sewer Connections: Subject to the terms and conditions of these Rules and Regulations, the District shall provide Water and Wastewater connections to Property Owners and Occupants:
- A. for Domestic Use for (i) one single family residence on each residential lot within the District, (ii) each multi-family unit appropriately zoned within the District, and (iii) each commercial parcel appropriately zoned within the District.
 - B. for Commercial Water use which shall include (i.) rental operations of bed and breakfast facilities (if allowed); (ii.) rental or leases of secondary guest houses or garages on a single lot that are occupied by a separate household other than the primary residents; (iii.) homes regularly occupied on a short term rental basis under payment terms such as Airbnb, Vacation Homes by Owner, or fee-based owner solicited occupancy agreements; and (iv) other uses as permitted under County Zoning Ordinances.
- 2.2 Benefits to Customers and Property Owners: The Board shall manage the District for the overall benefit of the Customers and Property Owners of the District.

- 2.3 District Expansion: The Board shall not approve extensions to the geographical area of the District or to agree to supply services to property or customers outside the District, except in short-term emergencies, without hearings to allow public input to such decision

3. APPLICATIONS FOR SERVICE:

3.1 Application.

- A. If the proposed Customer is not the Property Owner:
- (1) The Property Owner must apply for Service on behalf of the proposed Customer.
 - (2) The Property Owner will be jointly and severally responsible together with the Customer for all of the obligations of the Customer under these Rules, including without limitation, for all payments owed to the District by the Customer.
- B. Upon a Transfer, or to establish a new Service connection for an existing undeveloped lot, for a new lot, or for an existing Customer at a new location, an application from the Property Owner must be received at the District's office. The application must be received at least ten (10) days in establishment of any new Service. If pipelines, meters, installed or moved by the District before Service can begin, the District must be given reasonable additional advance notice.
- C. To establish a new Service connection, the Applicant must pay the District the base meter, Water line, Wastewater installation Fees and any other applicable charges as specified in the Rate Schedule.
- D. If the Applicant is proposing multi-family or commercial Services that may require significant evaluations of the availability of Water resources and Wastewater processing capacity, the Applicant shall first apply for Services to the District under any Interconnection Policies adopted by the District from time to time.

3.2 Parcel Splits.

- A. If new connections are requested for any Property or subdivision thereof not previously approved by the District, no connections will be made until:
- (1) Any required Fees in the amount specified in the Rate and Fee Schedule are paid to the District; and
 - (2) Any required Fees under any Interconnection Policy adopted by the District from time to time are paid.
- B. The District reserves the right to refuse new Services to any additional Property for any of the following reason, taking into consideration the anticipated needs of existing undeveloped Property within the District:
- (1) Lack of adequate and consistent supply of water.
 - (2) Lack of water storage capacity to service additional Customers.
 - (3) Lack of current equipment, infrastructure and facilities to adequately treat and process Water or Wastewater for any additional demands as outlined in any Interconnection Policies adopted by the District from time to time.

- (4) Failure of the Property Owner to meet the requirements of Sections 3.1 and 3.2.

3.3 District Improvements Necessary To Serve Applicant.

- A. Any Applicant requesting Service requiring a water main extension, Sewer line extension, or reconfiguration of the District's systems, equipment or infrastructure that reasonably involves the preparation of District Plans shall deposit with the District an amount equal to the estimated cost of preparing such District Plans as required by the District and as outlined in any Interconnection Policies adopted by the District from time to time. The deposit is due before the District starts the Plans. Any increase in the cost of the Plans shall be deposited with the District by the Applicant upon demand. Upon completion and review of the Plans, any excess in the deposit shall be refunded to the Applicant within fifteen (15) days.
- B. The District's costs of the construction, installation and materials as specified in the Plans, in addition to any systems testing or service disruptions, and project management fees will be in addition to the cost of the Plans. All such costs shall be the responsibility of the Applicant, and must be deposited with the District by the Applicant prior to the start of construction, installation and ordering of materials. In the event the District's actual costs as specified above exceed the estimated amounts as advanced by the Applicant, the Applicant shall pay such additional amounts upon demand. If the costs incurred are less than the amount advanced, the District shall make a refund to the Applicant within fifteen (15) days after completion and acceptance of the project.
- C. All agreements requiring pre-payment deposits by the Applicant shall be in writing and signed by each party before the District commences work on the Plans, ordering materials or construction.
- D. The Plans and construction may be completed in whole or in part by the District or its operators or its management staff or by outside parties, as decided by the Board. The District shall be entitled to be compensated for any work it performs as though it were a third party contractor.
- E. All District activity and schedules necessary to carry out the Plans shall be done under direction of the Board, and shall be subject to normal weather and operational convenience delays.
- F. No interest shall be paid to the Applicant on any improvement Plan deposits. Except as expressly provided in Paragraphs 3.3A and 3.3B above, all improvement Plan deposits are non-refundable.
- G. All Plans, materials, equipment and improvements acquired and/or installed pursuant to this Section 3.3 shall become the sole property of the District.
- H. The District reserves the right to upgrade any Water or Sewer line to the size necessary to serve additional Property that is not currently being served but may be served by that line when such Property is developed. The Applicant shall pay the full costs of the Plans, materials and construction for such an upgraded line, but the District agrees to collect, and remit to the Applicant, the pro-rata share of the upgrade cost from each future Property Owner being served by the upgraded lines at such time as each additional Applicant along the upgraded line applies for and receives Service. The District does not guarantee that such additional Applicants

will ever apply for, or qualify to receive, Water or Sewer service from any upgraded line.

- I. The District reserves the right to combine planning and construction for the improvements necessary to serve Applicant with other infrastructure improvements and to allocate the total costs for the Plans, materials, equipment, and construction between the Applicant and the District on a reasonable pro-rata basis.

3.4 Easements. The Applicant and any future Property Owners must provide the District with written easements in recordable form and satisfactory to the District for the construction, use, maintenance, and repair of all District Water and Sewer lines, meters, meter boxes, and any other District infrastructure located on the Applicant's property; and for access to read the meter and check for leaks in both the District's and the Applicant's Water lines and Sewer equipment located anywhere on the Applicant's property.

3.5 Grounds for Rejection. The District may reject an application for Service when any of the following conditions exist:

- A. The Applicant is delinquent in the payment of any amount owed to the District.
- B. A condition exists, or may exist, on a Property, which in the Board's judgment, is unsafe or hazardous to the Applicant, the District's facilities, other Customers, or any operational staff.
- C. The Applicant is known to be in violation of the District's Rules or the general utility and property use ordinances or requirements of any Federal, State, County or local statutes, rules or regulations applicable within the District.
- D. Failure of the Applicant to provide: (i) the installation fees required by Section 3.1, if applicable; (ii) payment of assessment or impact fees required by Section 3.2, if applicable; (iii) payment for District improvements as required by Section 3.3, if applicable; (iv) a Security Deposit as required by Section 4.1; (v) property improvements to the Applicant's lot necessary for the District to serve the Applicant as set forth in these Rules and reasonably specified by the District as a condition for providing service; or (vi) easements as required by Section 3.4.
- E. The District may consider any entity controlling, controlled by, or under common control with the Applicant, any immediate family member of the Applicant, and any person residing with the Applicant, to be the Applicant for the purposes of determining whether grounds exist to reject an application for Service as provided in this Section 3.5.

4. SECURITY DEPOSITS

- 4.1 A Security Deposit, if specified in the Rate Schedule, may be required at the time of the application for Service.
- 4.2 Additional Security Deposits in an amount to be determined by the Board may be required at any time bills are delinquent for a period of more than sixty (60) days.
- 4.3 The District shall (i) return Security Deposits to the Property Owner/Customer (not rental customers) once all monies owed by the Property Owner/Customer to the District have been paid in full and the Customer's meter is disconnected or transferred to another Customer; or (ii) after twelve (12) months of no delinquency on an account.
- 4.4 No interest will be paid to Customers on Security Deposits held by the District.
- 4.5 In case an account is delinquent for any reason, the District may use Security Deposit funds provided by a Customer to pay any amount then due and owing by that Customer

to the District. The Customer shall immediately replenish the Security Deposit to replace the amount of any such payment.

- 4.6 The District shall maintain records of all Security deposits and be permitted to co-mingle minor Security Deposit funds with other District funds.

5. OBLIGATIONS OF PROPERTY OWNERS AND CUSTOMERS:

5.1 Prohibited Practices. Customers shall not allow Water and Sewer services furnished by the District to be connected or extended from one Property to another, even if owned by the same Property Owner except if the Water or Sewer is provided to a guest house, garage, etc. on the same Property that is used or occupied by family members or temporary guests (not including renters) of the Property Owners. Resale of Water or Sewer services supplied by the District or use of downstream meters is prohibited.

5.2 Care of District Property.

- A. The Customer shall provide adequate protection to safeguard all District property located on the Customer's Property and premises.
- B. The Customer shall provide a suitable location for a meter box that is in an unobstructed location and accessible to the meter reader at all times. Meter boxes shall be protected from hazards and drainage areas.
- C. Driveways shall not be constructed over, or in the path of the District's meter boxes, blow off valves, or sewer connections. Customers shall not construct permanent buildings, major landscape features, culverts, etc., over Water and Sewer line easements, valve boxes, District mains, or other District infrastructure.
- D. Customers shall maintain buildings, water ditches, culverts, landscaping, etc., so as not to obstruct the District's easements, and so that flows of normal or seasonal floodwaters do not damage roadways, easements, etc., where District infrastructure may be located and damaged due to constant pooling of water or other hazardous materials.
- E. Customers shall seek District approval when extra heavy equipment (cranes, cement mixers, etc.) is to be moved over areas where infrastructure is buried.
- F. Customers shall not dig near District mains, valves, Sewer lines, equipment, or facilities before notifying the District through the "Blue Stake 811" notification process to mark approximate locations of such assets.
- G. Each Customer shall immediately notify the Board of any system leaks, equipment failure, or damage to meter boxes, meters or the infrastructure belonging to the District.
- H. The Customer is fully responsible for payment for all damages to District property on the Customer's premises unless such damage was caused by the District or its representatives.
- I. Customers shall not use the District's water meter as a "turn-on/turn-off" device except in the case of emergencies. Customer shut-off valves located downstream in a separate box from the meter should be used.
- J. When, at the request of a Customer, and after approval of the District, a Water meter, Water main, or Sewer line location is changed for any reason, the Customer shall pay for all costs, but not limited to labor, materials, engineering services, documentation requirements, project management fees, etc. necessary for relocating or replacing the infrastructure. The Customer shall also provide the

District with new or amended easements conforming to the changes, in accordance with Section 3.4.

5.3 Access.

- A. Duly authorized representatives of the District (including voluntary labor) shall have access to the premises of Customers and Property Owners, for the purposes of installing or removing District property, inspecting District infrastructure, inspecting Customer piping, reading or testing meters, and for any other purpose in connection with the District's Services and facilities.
- B. Access for construction and for monthly meter readings shall be during daylight hours.
- C. Customers shall provide 24 hour per day access to authorized District representatives on their private Property for the purpose of leak detection and infrastructure failure. Emergency operations to save water losses may occur in the middle of the night or during periods of time inconvenient to Customers.

5.4 Customer Water Lines, Sewer Lines and Related Equipment.

- A. The District shall extend Service connections to the edge of the Customer's property at locations that are convenient to the District for water and sewer connection access and meter reading purposes. Customer's piping, fixtures, and equipment must be so arranged that the connections are conveniently located with respect to the District's, Water mains, lines, meters, and points of connection.
- B. The Customer shall furnish and maintain a high quality private shut-off valve and approved back-flow prevention device on the Customer's side of the meter and within 18 inches of the District's Water meter box. A suitable and separate valve box, accessible to the District at all times, shall be provided and installed by the Customer to enclose this valve and backflow prevention device.
- C. Each Customer's piping, fixtures, and equipment on the Customer's side of the meter box, and on the Customer's side of the District's sewer valve box, including the Customer's sewer line and grinder pump, shall be installed and maintained in satisfactory condition and a safe and efficient manner by the Customer at the Customer's expense, in accordance with then in effect District's Rules and Regulations, Water Standard Details and Specifications, Low Pressure Sewer Standard Details and Specifications, and in full compliance with all laws and regulations of all governing Federal, State, County, and local agencies.
- D. Customers shall take full responsibility for the inspection, maintenance, and repair of Customer-owned piping, fixtures and equipment. The District will not make any repairs on the Customer's side of the water meter box or beyond the Customer's side of the District's Sewer valve box unless damages are caused by the District's infrastructure and/or authorized representatives.
- E. Service may be refused or terminated if Customers do not properly protect their outside service lines, interior building lines, hose bibs, etc., against freezing, since unprotected lines that are left pressurized can cause major losses of water affecting service to other Customers.

5.5 Indemnification.

- A. Acceptance of Water and Sewer Service from the District indicates the agreement of the Customer and Property Owner with these Rules, and the agreement of each of

them to indemnify the District for any damages to District assets, infrastructure or facilities caused by the activities of the Customer or the Property Owner.

- B. The Customer and the Property Owner shall jointly and severally indemnify and hold the District, and its Board members and representatives (including volunteer labor) harmless from any loss or damage to the property of the District, or any accident or injury to persons or property (except for any damage caused by the gross negligence of a representative of the District) that occurs on the Customer's property, or that was caused by the Customer or the Property Owner. The cost of necessary repairs or replacements of District assets located on private property shall be paid to the District by the Customer or Property Owner, and any liability otherwise resulting shall be borne by the Customer and shall be added to Customer's next bill; however, if the amount is over \$200, it shall be paid to the District within seven (7) days.

6. DISTRICT AUTHORITY, RIGHTS, AND OBLIGATIONS:

6.1 Water Quality/Wastewater Control and Safety/Equipment Maintenance.

- A. The District shall provide water quality equal to standards minimally required by the Arizona Department of Environmental Quality.
- B. The District shall refuse or terminate water service if a Customer's water service lines and piping are installed or maintained in such a manner as to permit cross connections with private wells or other potentially contaminated water sources, or if proper backflow prevention devices are not installed within 18 inches of the District's meter and in a separate service box. Additionally, all sprinkler or outside irrigation systems shall have secondary back-flow prevention devices installed to protect individual homes and the overall water supply system.
- C. The District shall use commercially reasonable efforts to maintain and utilize Wastewater processing and treatment equipment, procedures, chemicals, and materials to meet effluent water quality, odors, sound, and safety equal to standards maintained by the Arizona Department of Environmental Quality. Evaporation and percolation ponds shall also be maintained to meet applicable State and Federal standards.
- D. The District shall design, install and maintain all its equipment and infrastructure in good working order so high service reliability and equipment performance can be maintained and minimal costs can be incurred in the long-run.

6.2 Water Pressure.

- A. The District shall use commercially reasonable efforts to provide water pressure at the District's meter equal to minimum standards generally imposed by the Arizona Corporation Commission on regulated utilities.
- B. When a home or other structure that utilizes District Water is constructed close to or below the elevation of the District's booster stations or pressure relief valves, and the Water pressure at the Customer's meter is above the minimum required under clause 6.2A, but is less than the Customer desires, the Customer should purchase and install on their property a Customer owned and maintained booster pump to obtain the desired pressure.

6.3 Emergencies and Interruption of Service.

- A. The District shall, under normal circumstances, attempt to notify Customers of any anticipated interruption of service. To facilitate such notification, Customers are encouraged to provide updated emergency contact information and e-mail addresses to the District's office.
 - B. The District has the authority to institute water conservation plans, drought plans, meter installation moratoriums, water delivery surcharges in cases of trucked in water, Sewer hookup moratoriums, etc., and other emergency operational plans that result from droughts, lack of water production, infrastructure problems, equipment failures, water quality issues, etc. Such actions may limit or restrict use of water resources or Sewer facilities.
 - C. The District has the authority to institute rules and regulations related to materials, chemicals, etc. that Customers may place in the Wastewater system that may negatively affect the Wastewater treatment process or efficiencies.
 - D. The District shall allow the local fire department or the Forest Service to access reasonable amounts of potable water for fire protection of District and non-District properties or the National Forest, although a minimum of 25% of water storage capacity shall always be maintained to protect the real property within the District.
- 6.4 Advice. The District may, upon request from a Customer or Property Owner, offer only reasonable limited information and advice on any Water or Sewer problem which could adversely affect the District or other Customers or Property Owners.
- 6.5 Operations.
- A. All operational and accounting records of the District shall be maintained in accordance with applicable laws and generally accepted procedures for utility operations.
 - B. The Board shall maintain written District Bylaws that inform the public how the Board will carry out its responsibilities and authorities.
 - C. All Board of Director meetings shall be held in accordance with applicable Arizona open meeting laws. All District activities shall be carried out under written By-laws and Rules and Regulations periodically adopted by the Board.
 - D. The District shall maintain a website to display documents, announce meetings, and record decisions made.
- 6.6 Limitations on Liability.
- A. The District shall not be responsible or liable for the actions or negligence of Customers or other third parties or forces beyond its control resulting in any interruption of Service or for any damage or claim of damage attributable to any interruption or termination of Service or for any damage or claim of damage attributable to any interruption or termination of Service. As examples, and without limiting the scope of the first sentence of this Section 6.6, this limitation of liability shall include any cause against which the District could or could not have reasonably foreseen or made provision for, and for any Service interruptions required to minimize potential Water quality problems, Water outages, illicit discharges of Wastewater, or to make repairs necessary to minimize the possibility of damage to Customer or District equipment, or for the safety of personnel.
 - B. The District will use commercially reasonable efforts to avoid damage or destruction of landscaping and improvements on the property of Customers and Property

Owners. However, except in the case of gross negligence by the District or its representatives, the District will not be liable for any damage to the property of a Customer or Property Owner within the easements granted to the District, or within the usual and customary boundaries of the types of easements required by Section 3.4 of these Rules.

- 6.7 Termination of Service. The District may terminate its Service to a Customer, temporarily or permanently, after a two hour notice period where practicable:
- A. To prevent fraud or abuse.
 - B. To stop flows of water to parcels other than the Property intended to be served by a given meter or Sewer line.
 - C. In cases of willful disregard of, or refusal to comply with, these Rules or any special rules adopted in emergencies, including required water conservation measures or drought planning policies.
 - D. To make scheduled or emergency repairs to infrastructure or equipment.
 - E. To disable meters where there has been unauthorized turn-on of meters; Customer tampering with meters, measuring devices, or other assets of the District; or other activities disruptive to District operations.
 - F. To conserve resources in periods of insufficient water supply.
 - G. To comply with government processes, injunctions, regulations or orders legally served on or applicable to the District.
 - H. In cases of an insufficient water supply, including prohibitive economic conditions, due to circumstances beyond the District's control.
 - I. To protect public health and welfare in cases of fires, floods, accidents, terror threats, riots or other endangerment.
- 6.8 Meter Removal. The Customer may, at its option, have a meter removed at any time in order to not be subject to the base monthly fee. The Customer shall allow the District thirty (30) days to remove the meter. However, if a meter is removed, the Customer in the future shall be subject to meter re-installation charges and fees as outlined in the Rate and Fee Schedule adopted from time to time. Any time a meter is left connected to the system, even if shut off, the base monthly fee will apply as a "user availability" charge.
- 6.9 Enforcement. The District may in its discretion take any and all action at law or in equity to legally pursue its rights and remedies for any delinquent amounts owed to the District, and for any violations of these Rules. The Property Owner and Customer shall be jointly and severally liable for all legal fees and expenses incurred by the District in enforcing its rights under these Rules.

7. RATES AND FEES:

- 7.1 Base Monthly Charges. Rates and fees for Water and Wastewater Services are periodically established by the Board after a public hearing noticed to the Customers and Property Owners has occurred. A Rate Schedule is published and available along with the Rules by contacting the District at its phone, e-mail, website, or mailing address. The District shall provide all new Customers with copies of the current Rate Schedule and Rules upon receipt of an application for service.

- 7.2 Other Fees and Charges: In addition to base monthly charges, taxes, assessments, and late fees, the District may charge the amounts shown in the Rate Schedule for any other equitable fees for account establishment, meter installation or re-installation, meter removal and test, turn-off or turn-on, meter re-reads, Sewer connections, installation inspections, not sufficient funds checks, Liens filings/Releases, etc., as specified in required public rate hearings.
- 7.3 Major Project Interconnection Charges: Additional fees and costs may be incurred if Interconnection Policies adopted by the Board for new subdivisions, undeveloped multi-family, commercial tracts, etc., are applicable.
- 7.4 Initiation of Billings for Water, Sewer, Connection Charges, and Fees.
- A. Rate Schedule Water charges for services commence upon installation and turn-on of the Water meter, whether the Water is used or not. Meter use during construction is subject to full charges as specified in the Rate Schedule. Monthly Wastewater charges begin when the sewer line is connected and approved by the District's operators.
 - B. Water meters turned on or off or transferred between meter readings shall be subject to all fees and charges in the then effective Rate Schedule on a pro-rata basis for the month in which the turn-on, turn-off, or transfer occurs.
 - C. The minimum monthly base fee, as provided in the Rate Schedule, shall be levied for each water meter installed or Sewer connection, regardless of location. Additional fees will be charged as provided in the Rate Schedule for water used in excess of the amount covered by the base fee. Readings from more than one water meter may not be combined for billing purposes.
 - D. At the sole discretion of the District, if a Customer has a mysterious loss or accidental use of Water (excluding losses caused by the owner's gross negligence) that results in a water bill of over \$1,000 for excess water use over the gallons allowed with the base monthly fee, the Customer shall, up to once every three years, be granted a credit to their account for all amounts over \$1,000 charged for excess gallons used.
- 7.5 Assessments. The District reserves the right to impose a reserve assessment not to exceed the amount shown on the Rate Schedule for major system repairs or abnormal expenses, for current or anticipated needs not covered by the ordinary income of the District. The District will not make a reserve assessment more frequently than once in any twelve (12) month period. To the extent reasonably possible, the District will give Property Owners and Customers advance notice of any required reserve assessment to be paid, and permit payment of the reserve assessment in installments agreed to by the Board.
- 7.6 Real Property Taxes. The District reserves the right to have the County Treasurer levy real property taxes on all Property located within the District as allowed by Arizona Revised Statutes.
- 7.7 Other Taxes. In addition to the collection of regular rates, fees, assessments, or property taxes, the District may collect from the Customer a proportionate share of any privilege, sales or use tax, or similar tax, imposed on gross Customer revenue received by the District.

8. METER READINGS, BILLINGS AND COLLECTIONS:

- 8.1 Monthly Water Billings: Water bills shall be computed in accordance with the District's Rate Schedule on the basis of the minimum monthly charge, plus any additional commodity charge for water used between the previous and the current meter readings, plus any fees for other services. To cover continuing fixed costs and "ready to serve /availability" obligations of the District, all Water meters and Sewer connections to the system, where improvements are on the property, continue to have base monthly charges applied to the account, even if no Water is used or the meter is shut off.
- 8.2 Wastewater Fees: Wastewater fees that are combined with the Water bills are generally a flat amount per month, but can be charged on any other equitable basis as periodically determined during budget and rate hearings.
- 8.3 Water Losses: Except for major water losses as indicated in Section 7.4D, the Customer is fully responsible for the security of and payment for all water that flows through the Customer's meter, whether the water is put to beneficial use, goes to waste, flows through broken pipes or leaking toilets, is stolen, or is consumed by malicious mischief, etc.
- 8.4 Meter Reading Schedule: Water meters normally will be read between the twenty-fifth (25th) and the last day of each month, depending on weather and holiday schedules. Bills are dated the last day of the month and will be rendered to the Customers within the first five (5) days of the next month. Bills are due by the 25th day of the month following the date of the bill.
- 8.5 Delinquencies.
- A. Bills that are unpaid beyond the twenty-fifth (25th) day of the next month after they are dated are delinquent and subject to a late fee as specified in the Rate and Fee Schedule periodically adopted by the District.
 - B. All unpaid delinquent amounts due and owing to the District as of the 26th of each month shall bear monthly interest (the late fee) up to ten percent (10%) of the total unpaid amount owing (including previous unpaid late fees), but not less than fifteen Dollars (\$15.00), as periodically indicated in the Rate Schedule.
 - C. The minimum amount of the late fees indicated in the Rate and Fee Schedule are subject to periodic change by the District.
 - D. Thirty (30) days after the delinquent date, the District may, at its option and upon ten (10) days' notice to the Property Owner and Customer, terminate Service on the delinquent account. Water meters are not to be normally shut off for Properties using water each month until a standard series of delinquency letters has been sent, with a final turn-off date clearly noticed.
 - E. Water meters are not to be shut off or removed from homes apparently unoccupied, abandoned, in foreclosure, etc. until the District receives an official request from the owner to have the water turned off or the meter removed. To cover continuing fixed costs and "ready to serve/availability" obligations of the District, all meters connected to the system continue to have the base monthly charge applied to the account, even if no water is used. To stop monthly bills for Water and Wastewater, the customer may have the water meter removed, subject to reconnection charges as indicated in the Rate Schedule.

- F. Services terminated for delinquent payments will be restored only after all amounts due are paid in full. Turn-off and turn-on fees, as specified in the Rate Schedule, will apply to delinquent payment situations where termination and return of service has occurred.
 - G. Ninety (90) days after the delinquent date of an account, the District will send a formal payment demand letter to the Customer and Property Owner. After another 30 days, the District may file a utility lien, as allowed under Arizona Revised Statutes, against the Property for all release unpaid amounts due and owing to the District, including late charges, lien/filing fees, and incurred legal fees. After a lien is filed by the District, the monthly base charges and all applicable fees will continue as an availability fee, and the late charge will be reduced to a maximum of 2% per month as indicated in the Rate Schedule.
- 8.6 Pre-Payment: Advance payments may be made by the Customer. The District will not pay interest on advance payments.
- 8.7 Contact Information.
- A. Customers and Property Owners shall promptly inform the District in writing of any change in their billing address and other contact information. Any written communication sent by the District to Customers and Property Owners at the most recent billing address they have provided to the District in writing shall be deemed sufficiently delivered for all purposes.
 - B. Failure of the Customer to receive bills or notices from the District shall not prevent such bills from becoming delinquent, nor relieve the Customer of their obligations to make timely payments of all fees due to the District.
 - C. Customers should provide their current telephone number(s) and any email addresses to the District for emergency contact purposes and for the District to notify Customers and Property Owners of meetings, etc.
- 8.8 Estimated Billings.
- A. The District reserves the right to estimate water bills when inclement weather prevents the reading of meters.
 - B. If a Water meter is broken by someone other than a District representative, the Customer shall pay a monthly service amount reasonably estimated by the District from the record of the Customer's previous billings.
 - C. If a meter fails to register or stops for any cause for which the Customer is not responsible, the next monthly bill may be estimated by the District. Thereafter, the Customer shall be billed at the regular monthly minimum charge until the meter is repaired or replaced by the District.
 - D. Appropriate adjustments for over or under estimating will be made at the next actual meter reading and billing cycle. The District will not refund any over-payments, but continue to apply such amounts to the Customer's account.
- 8.9 Billing Errors.
- A. If a Customer believes a bill to be in error, the Customer must present the claim to the District within ten (10) days of the billing date. Any claim not asserted within ten (10) days shall be deemed waived, and bills not objected to within ten (10) days will be deemed conclusively correct

- B. The District will make special water meter readings at the request of a Customer for the fee specified in the Rate Schedule. If such special reading discloses that the meter was misread or was not operating correctly, no charge for the special reading shall be made.
- C. Water meters will be tested for accuracy at the request of a Customer upon pre-payment to the District of the actual cost of performing the test. If the meter is found to over-register beyond 3% of the correct volume, charges for the test will be refunded. The proper correction for the amount of the error (less three percent (3%) for permitted variances) shall be made on the previous readings back to either (i) the specific date the error started, if the date can be ascertained, but not back to more than three (3) months immediately preceding the test; or (ii) if no date can be ascertained, for the previous three (3) months immediately preceding the test.
- D. All corrected amounts shall be credited on the next bill to the Customer. No refund or credit will be made by the District to anyone other than the Customer last served by the meter prior to the testing. The District will not refund any over-payment, but continue to apply such amounts to the Customer's account.

9. TRANSFERS:

- 9.1 Notice to Office: Notice of a Transfer agreed to by both the former Property Owner or their representative (by phone, email, etc.) and the new Property Owner must be given to the District in person or in writing within five (5) days after the Transfer. Any water utility liens must be paid in full prior to the close of any transfers or sales.
- 9.2 New Application: The new Property Owner must file an application for Water and Wastewater Services with the District, pay all required fees, and provide any easements required by Section 3.4 of these Rules. The District may reject the application for any of the reasons specified in Section 3.5.
- 9.3 Prorate First Month: If the meter has not been turned off at the time a transfer occurs, the new Property Owner will only be charged the Account Establishment Fee and the prorated monthly fee due for the first month of service as specified in the Rate Schedule.
- 9.4 All Owners Responsible: All listed Property Owners on the County Recorder's property records shall be responsible for all water consumed and all charges and fees assessed with respect to the property until either (i) the former Property Owner has the meter turned off and pays the turn-off fee specified in the Rate Schedule and all other amounts then due and owing to the District; or (ii) the new Property Owner pays the Account Establishment Fee and all other amounts payable as specified in the Rate Schedule and the District approves the service application of the new Property Owner and transfers the account for that parcel to the new Property Owner.

10. MISCELLANEOUS:

- 10.1 Superseding Laws. If anything in these Rules is determined to be contrary to applicable State, County, Federal or local laws or ordinances, the laws or ordinances shall take precedence and control, while the remaining provisions of these Rules shall remain in full force and effect.
- 10.2 Amendments. No amendments, changes, additions or deletions of these Rules shall be made by the Board except in properly noticed public meetings to all Property Owners and Customers, or under an emergency. Such meeting notifications and agendas shall

allow reasonable time for objection and suggestion from Property Owners and Customers to be considered by the Board. All decisions by the Board shall be final.

- 10.3 Variances. No promise, agreement, or representation of any officer, employee or agent of the District, nor any variation in the application of these Rules, shall be binding on the District unless it has been agreed upon in writing and approved by the Board.
- 10.4 Non-Discrimination. These Rules shall be applied to Property Owners and Customers on a non-discriminatory basis.

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