

• RULES AND REGULATIONS

Revised July 1, 2007

SOUTH BLOUNT COUNTY UTILITY DISTRICT

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I. SCOPE

These rules and regulations apply to the District, its existing and future customers. They apply to all services rendered by the District whether the services are based on contract, agreement or otherwise.

II. REVISIONS

These rules and regulations may be revised, supplemented or otherwise changed by the District Commissioners from time to time.

III. SEPARABILITY

If any part of these rules and regulations should be declared invalid or unconstitutional such declaration shall not affect the validity of the remaining parts.

IV. AVAILABILITY

A copy of the current rules and regulations of the district shall be available to the public during regular business hours at the offices of the district.

V. DEFINITIONS

For the purpose of interpreting these rules and regulations the following definitions shall apply:

- A. "Commissioners" means the commissioners and chairman of South Blount Utility District.
- B. "District" means the South Blount County utility District of Blount County, Tennessee.
- C. "Person" includes firms, corporations, partnerships, associations and other entities as well as individuals.
- D. "Customer" means any person who applies for water services or who receives water services for the District.

- E. "Household" means any one or more persons living together as a family group.
- F. "Dwelling Unit" means any structure or portion thereof occupied by one or more persons of a single family for residential purposes. Apartment buildings and other structures occupied by more than one family shall be considered multiple dwelling units.
- G. "Business Unit" shall mean any structure or portion thereof occupied by a single business or enterprise. Shopping centers or other structures occupied by more than one business or enterprise shall be considered multiple business units.
- H. "Service Connections" means the tap of the main and that portion of the line extending from the tap of the main to and including the meter and meter installation. This includes meter set on fire lines.
- I. "Customers Service Line" or "Service Line" designates the water line extending from the service connection to and within the improvements of the property.
- J. "Tapping Fee" designates any charges made by the District to users or prospective users for the tap of the main and the installation of the service connection, including the meter, meter installation and the meter box. The customer acquires no legal title to, nor equity in, the facilities installed by reason of payment therefore.
- K. "Main" designates the water lines of the district of all sizes, with service connections excluded. It includes the district water lines laid in or on the public streets or highway or on rights of way, it includes installations of the district's water lines on private property by permission.
- L. "Fire Protection Service Charges" shall be the term applied to charges made for fire protection provided by any fire hydrants owned and maintained on unmetered basis by the District for the use of a person or persons.
- M. "Regular Billing Period" or the "Billing Period" for any designated calendar month means the billing period from which revenues are included in monthly financial and operating statements of the District for the calendar month in question.

- N. "Penalty Date" shall mean the date which appears on the bill, except when some other date is expressly required by these Rules and regulations or rate schedules or by an agreement approved by the district. The due date is the last date on which bills can be paid at net rates.
- O. "Rules and Regulations" as used herein, shall include these rules and regulations and any addenda, attachments, supplements, and interpretations adopted from time to time by the commissioners.

VI. OBTAINING SERVICE

Any person desiring either initial or additional water services must make written application to the district at its offices upon such forms as shall be prescribed and furnished by the district. The application must be signed by the prospective customer and contain a statement that the customer will abide by the Rules and Regulations and will pay the charges and rates for services then in force, or which thereafter shall be adopted by the Commissioners.

VII. SERVICE CONNECTIONS

- A. Any person applying for services at a location requiring the installation of a service connection shall be required to pay the district, in accordance with its then current rate schedule. The service connection and meter setting shall be at such suitable location as the district may select.
- B. Any person applying for water service shall be required to pay a meter setting fee in accordance with the Districts then current rate schedule.

Each prospective customer desiring new water tap services will sign the districts standard forms, a well user agreement, cross connection agreement, and a service contract, before water services are provided and will deposit with the district such reasonable sum of money as may be required by the district for continuing security for the performance of the customer's obligations.

VIII. METERS

All meters used for billing purposes by the district shall be the property of the district; as shall the meter installations, meter boxes and yokes. No customer shall perform any work on a water meter, install any pipe or other service to bypass any such meter, or in any way cause any meter not to fully register all water used by the customer.

Meter and meter installations must be fully accessible to the district at all times. The customer will be responsible for any damages to the districts meter or installations including neglect, vandalism or intentional damage caused by the customer, his agents or employees, or persons living in or occupying the household. Such customer shall be billed for the actual costs for repair or replacement and such bills shall be paid by the customer at the end of the next billing period.

IX. METERS

Should any customer doubt the correctness of the meter registration for such customers, the customer may request that the meter be tested for accuracy. A \$25.00 fee must be paid before meter testing. The meter registrants shall be deemed accurate when it registers within 4% of 100% accuracy. If the meter is found to be over-registering water consumption in excess of 4%, the customer will be entitled to a pro-ratio reduction for the immediately preceding monthly billing period and a refund of test fee.

The district will, at its own expense, periodically inspect and replace meters in an attempt to maintain high standards of accuracy.

X. METER LOCATIONS

For new installations the district's approval of meter locations should be obtained before prospective customer installs his lines. Insofar as is practical, meters shall be placed on or near the property line of the premises to be served at or near the street location near the main line. The district will attempt to locate meters at a location that is convenient to both the customer and the district; however the district reserves the right to specify the location of the meter. The costs of relocating meters for the convenience of the customer will be paid by the customer after the meter has been relocated. Meters placed at a location that the district deems unsatisfactory may be moved to a location more satisfactory at the discretion and expense of the district.

Except as may be otherwise provided by separate written agreement between the district and the customer, the point of delivery shall be at the customer's side of the meter. All lines, piping and equipment beyond this point shall be the property and responsibility of the customer. The district shall not be liable or responsible for any injury, loss or damage to persons or property on account of any defect, use, misuse, or negligence in installation, maintenance, equipment, lines or pipes beyond the point of delivery. The district shall be responsible for its lines and equipment up to the point of delivery.

XI. BILLING

The district will bill the customer monthly for water usage as indicated by meter readings in accordance with its then current rate schedule. There will be a 10% penalty on water usage billing payment that is not received within 14 days of billing. If full payment is not received within 45 days of billing, service may be discontinued and will not be resumed until balance forward and late fee is paid in full.

In the event a meter is found not to be in good working order or is stopped at a meter reading period the monthly water usage bill will be determined by computing the average bill of the six previous months. If the customer does not have six months of billings, then the average of the total bills shown on the District's records will be charged.

Adjustments in billing will be made for any leaks occurring in the customer's lines or equipment one time per calendar year. The district, at its option may make such adjustments should the commissioners find that the customer has experienced a leak which the customer could not have reasonably been expected to find prior to billing. This regulation is not to be interpreted as an obligation on the part of the district to adjust any bill, but is intended only to allow the commissioners in their sole discretion to allow such adjustments where circumstances are such that they feel that an adjustment is warranted.

In the event a check is returned for insufficient funds, closed account or account has been frozen, a fee of \$17 will be placed on your bill. If service is shut off due to non-payment an additional \$50 fee will be added to the bill.

No customer shall provide service to more than one dwelling unit or business unit from a single service line or meter per parcel without obtaining written permission from the District. In the event permission is given to supply water service to multiple dwelling units or business units, all billings for water usage will be in accordance with the then current rate schedule.

XII. EXTENSION OF WATER MAINS

The district may extend its water mains only as authorized by the commissioners or as required by law. All extensions will conform to the requirements of the Tennessee Department of Public Health.

In the event any person or persons desire an extension of the District's water lines, within the district's boundary, not previously authorized by the commissioners; such person or persons should submit plans to the District for its engineering review or approval. The commissioners may, but are not obligated to, approve such proposed extension provided the person or persons, (including but not limited to sub dividers of new subdivisions), are willing to pay the cost of said extension. Any such extension must comply with the District's approved plans and specifications and will not be connected to or accepted into the district's system until it has been inspected and approved by the District personal. The district may require the posting of a bond prior to the acceptance of any such extension.

XIII. STANDARD SERVICE

Water service is normally limited to quantities as determined by the physical limitations of the District's water distribution and storage systems and no specific quantities or rate of flow can be guaranteed. The quality of water will be determined by the District's source of supply and treatment facilities and chemical characteristics of such water shall be those resulting from the treatment of the water obtained from the source of supply as used by the District for its water system. Customer requirements for chemical characteristics other than those furnished by the District's normally treated water shall be the responsibility of the customer and not the district.

XIV. FIRE PROTECTION SERVICE

It is the desire and policy of the district to cooperate with such other persons whether governmental entities or otherwise who may undertake to provide fire protection services. In furtherance of this policy, the District will at the request of a customer cooperate with customers in determining

appropriate specifications and locations for fire lines and fire hydrants and the district will install such fire lines and fire hydrants at the expense of the customer in accordance with jointly approved specifications. Such facilities shall be owned and maintained by the customer and the customer shall be responsible for assuring that the facilities meet governmental requirements including any requirements of the Tennessee Department of Water Quality Control.

Said fire protection facilities shall be utilized by the customer only in the event of an emergency for the purpose of fire fighting, containing chemical spills or the like. All fire hydrants will be sealed by the District and may be inspected at intervals by the District. When a seal is broken, on account of fire or for any reason, the customer shall give the District written notice of such occurrence as soon as possible. The customer shall be responsible for any water loss occurring as a result of vandalism.

Notwithstanding the foregoing provisions, the District may from time to time in the exercise of its discretion, allow customers to utilize fire facilities for public purposes provided such utilization is authorized in writing in advance.

In the event fire hydrants located on unmetered lines are utilized, the customer will be charged based upon the District's reasonable estimation of water usage.

XV. NON STANDARD SERVICE

THE Districts facilities are designed for furnishing water on a gravity basis and are limited to such. Customers living in the areas as high as or higher than the reservoirs that feed the area must provide and maintain at their expense any equipment necessary to provide the standards of water service desired.

In those cases in which the size of the district's main limits the quality of service, or might reasonably be expected to limit the quality of service in the future, and for which funds are not available to the district for improvements in the foreseeable future, the district will attempt to notify its customers, and future applicants for water service in such areas, that the service is sub-standard and non-standard and that the District assumes no obligation for improvements needed to provide a higher level or standard of service.

XVI. TAPPING EXISTING MAIN AND MAKING SERVICE CONNECTION

Service connections will be laid by the District from the water main the property line. Such service connections, including the meter installation, will be fitted with all necessary hardware and so installed as to be readily accessible at all times to the agents of the District. The location for such service connections will be in accordance with Section X above.

When such service connections are completed, the District shall have ownership of and shall be responsible for the maintenance and upkeep of such service connections from the main and to and including the meter and meter installation. The remaining portion, designated as the "service line" or "customer's service line" beyond the meter and meter installation (even though such remaining portion is not located within the customer's property line) shall belong to and be the responsibility of the customer.

In all cases the "service line" shall be installed by the customer at the customer's expense and shall be and remain the exclusive property of the customer. The "service line" shall be of material approval by the District and shall be provided with a pressure reducer, stop valve, and waste cock. Water service to any customer may be discontinued and water service to any applicant may be refused or declined by the District if the service line is not supplied with a pressure reducer a stop valve and a waste cock. Not-with-standing anything else herein provided, and District shall not be responsible for the maintenance and upkeep of the customer's service line located within the property line of the customer, even though the District's meter and meter installation are located within said property line.

XVII. CUSTOMER'S PIPING AND FIXTURES -- STANDARDS

All water piping beyond the meter shall be installed and maintained at the expense of the customer.

By furnishing service to a customer, the District assumes no responsibility for seeing that the customer's piping and or plumbing fixtures comply with any local codes or regulations.

XVIII. RIGHT OF ACCESS

The District's properly identified employees and agents shall have access to customer's premises at all reasonable times for the purpose of reading meters, testing repairing, removing or changing any or all equipment belonging the the District.

XIX. INSPECTIONS

The District shall have the right, but shall not be obligated to inspect any installation before water is introduced at a later time. The District reserves the right to refuse service or discontinue service to any piping or plumbing installations not in accordance with special contracts or with these Rules and Regulations, or other requirements of the District; but any failure to exercise this right shall not render the District liable or responsible for any loss or damage resulting from defects in installations of piping or plumbing fixtures or from violations of any local codes or regulations or the provisions of any special contract or from accidents which may occur on the customer's premises.

XX. NOTICE OF TROUBLE

Customers shall notify the District immediately should the water service be unsatisfactory for any reason, or should there be any defects, trouble or accidents affecting the supply of water. Such notices, if verbal, should be confirmed in writing by the customer.

XXI. CROSS CONNECTIONS

No cross connections of any kind shall be permitted between the water supply from the District's mains and the water supply from any other sources.

A cross connection is defined as any physical connection whereby the District's water supply is connected with any other water system, whether public or private, either inside or outside of any building or buildings, in such a manner that a flow of water into the District's water supply is possible, either through a manipulation of valves or because of any defective check or back pressure valves, or by any other arrangement. The District shall not be obligated to connect to, or render water service to new buildings or to buildings or premises not now approved for water service until such time as a certification is made that no cross connection exists.

XXII. DAMAGE TO PROPERTY DUE TO WATER PRESSURE

The District shall not be liable for any damage to a customer's plumbing or property, which damage may be caused by high pressure, or by fluctuations in pressure in the District's water mains.

XXIII. INTERRUPTION OF SERVICE

The District will use reasonable diligence in attempting to provide a regular and uninterrupted supply of water, but, in case the supply of water should be interrupted, for any cause, the District shall NOT be liable for damages resulting there from.

XXIV. RESTRICTED USE OF WATER

In times of emergency or in times of water shortage District reserves the right to restrict the purpose for which water may be used by a customer and the amount of water which the customer may use during such periods.

XXV. TERMINATION

The District shall have the right to discontinue service or refuse to connect service to any person who has failed to comply with any provision of these rules or regulations or failed to pay timely any billings. Written notice of termination stating the scheduled date for termination of service will be mailed to the customer at the customer's last known address at least 13 days prior to the scheduled date for termination. In the event termination is scheduled because of nonpayment the mailed notice of termination will state the amount due, the last date and place that payment maybe made to avoid termination, and will advise the customer of the customer's right to apply for a hearing. In the event termination is scheduled because of any reason other than nonpayment the mailed notice will state the reason for the scheduled termination, the scheduled date for termination, and the customer's right to apply for a hearing. Termination will not be made on any date immediately preceding a day when the District's business offices are schedule to be closed.

A customer wishing to dispute the District's stated reasons for termination may request a hearing by submitting a WRITTEN REQUEST for a hearing during the District's offices regular business hours at the District's business offices on or before the end of the last business day immediately preceding the 5 days scheduled date for termination. Upon receipt of a written request for a hearing the District will schedule a hearing to be held at the District's official board meeting within 30 days. The customer will have the right to examine the District's records pertaining to the customer's service and will have the right to testify, and to present witnesses on the customer's behalf. The customer will have the right to be repre-

mented at the scheduled hearing. Hearing will be conducted by the board of commissioners for the District. The commissioners will hear the evidence and render a decision in writing. When a hearing is requested pursuant to this section the customer's service will not be terminated unless the board determines that valid reasons for termination exist and in no event will service be terminated until the board renders its decision.

XXVI. TERMINATION OF SERVICE BY CUSTOMER

A customer wishing to terminate service will notify the District in one of the following ways, in writing, by telephone (with verification of customers information) or in person at the utility office. In the event the District fails to terminate services within 10 days after having received such notice from the customer the customer will not be responsible for the water usage following the scheduled date for termination.

XXVII. RECONNECTION OF SERVICES

Whenever service has been terminated for any reason. Reconnection charge may be imposed by the District for reconnection in accordance with its then current rate schedule.