

*Montezuma
Water
Company*



*Rules
&
Regulations*



January 2022

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RULES AND REGULATIONS

1.00 DISCRETIONARY NATURE OF RULES AND REGULATIONS

- 1.01 **Authority-** Article Five of the Amended Articles of Incorporation together with the Colorado Revised Statutes vests the Board of Directors with the “sole authority” to set standards, policies etc. for the company.
- 1.02 **Non-Binding:** These Rules and Regulations as published from time to time shall not be deemed binding upon the board of Directors or the Company which shall retain sole authority, in its unfettered discretion to set rules, regulations or conditions based on the best interests of the company and the issue(s) before the Board of Directors.
- 1.03 **Precedential Value:** While the Board of Directors is encouraged to and endeavors to manage with consistency and equitably, the mere interpretation or application by the Board of Directors in any one instance shall not bind the company to similarly interpret or enforce the rules in any other instance. No two requests are exactly the same and the Board of Directors retains the authority to set the standards, rules and regulations based on the best interests of the Company given the set of facts and circumstance with which it is presented.

2.00 MEMBERSHIP REGULATIONS

- 2.01 **Application Requirements-** All applications for membership shall be made at the Montezuma Water Company office by the applicant or authorized agent of applicant. All applicants are required to fill out a Water Users Agreement, which is the standard application form for Membership and is furnished by Montezuma Water Company. Applicants shall complete a Checklist for New Membership.
- 2.02 **Information Requirements-** The applicant shall state the following in his application:
- A. Name and Official Mailing Address.
 - B. Mortgagee and address if applicable.
 - C. Service address of the property to be served.
 - D. The legal description of the property and intended water usage.
- 2.03 **Payment-** The applicant shall tender payment of the membership fee charge at the time that the application for service is submitted to the Montezuma Water Company. Additional charges, if applicable, shall be paid at the time of application. (See 3.09 and 3.12). Should application be by transfer of ownership, applicable charges for transfer shall be made at the time of application. Upon approval by the Board of Directors, the Membership Certificate shall be mailed to the Member at the official mailing address listed in the Water User’s Agreement, or to the first mortgagee of

record.

3.00 MEMBERSHIP FEES

3.01 Fee Entitlements- A membership fee (tap fee) entitles a member to one service connection into the Montezuma Water Company system. A service connection is accomplished by means of a tap connection into a Company mainline and a lateral line running from the mainline to a meter pit assembly located near the member's property. Additional fees may be charged if required (See 3.09 and 3.12). The Board of Directors approves the membership only after the submission of a completed application, Water User's Agreement, and other necessary paperwork (if applicable), and payment of fees. Installation shall be completed only after Board approval.

3.011 Retirement of Membership- The Board of Directors reserves the right to retire a Membership with compensation for cause. The retirement of a Membership shall be subject to review and to an appeal process.

3.02 Definition of Dwelling Unit Types

Dwelling Unit- An accommodation providing living, sleeping and eating space and facilities for one or more persons, which may include, but is not limited to permanent, cooking and sanitation provisions. (9/97)

Multi-Family Unit- An accommodation providing for up to two (2) dwelling units (duplex) under one roof. More than two (2) dwelling units (duplex) will be considered commercial dwelling unit (apartment house). (7/97)

Apartment House- A commercial accommodation providing three (3) or more dwelling units under one roof. (8/97)

Seasonal Dwelling Unit- A single dwelling unit seasonally occupied for at least 120 consecutive or cumulative days per calendar year. This may be directly or indirectly connected to the water system. (8/97)

Non-Dwelling Unit- A non-dwelling unit is none of the above. It may be a farm out-building such as a barn, shed or other building not inhabited by humans.

Commercial Unit- More than three (3) dwelling units such as mobile home parks, motels, RV parks, rental homes, condos, etc., or a structure using water as more than an incidental part of the business. (8/97)

3.03 Limitations- Montezuma Water Company reserves the right to limit the number of non-dwelling units and seasonal dwelling units serviced on any residential or commercial sized meters.

When water usage exceeds the flow as specified in 3.09, the member will be required to upgrade the Type of meter that matches their water usage. The member will be required to pay the difference between the current price for the existing meter and the cost of the required upgrade.

3.04 Membership Required- A single dwelling unit on a separate land subdivision shall be

represented by a membership.

- 3.05 Subscription**- A second dwelling (may be a rental) unit on the same subdivision of land may be represented by a subscription attached to the Membership instead of a second Membership. A subscription cannot be sold or transferred separate from the membership. A subscription may be upgraded to a membership by application and payment of the difference in current membership fees and the subscription fee already paid. (8/97)
- 3.06 Subscription Fee**- The subscription fee shall be assessed at one-half the current membership fee. Subscription fees are non-refundable. Each Subscription shall be assessed a base rate each month.
- 3.07 Meter Pit**- A meter pit contains a meter, an angle stop, a check valve, and a remote readout. An outlet pipe extends from the meter pit approximately ten feet onto the members' property (see meter pit drawing). The meter pit and its contents are the property of Montezuma Water Company and shall be accessible at all times. Tampering with a meter pit subjects the member to fines and additional charges. (see 3.12) For the safety of our members and for the protection of our meters, the meter pit lid shall remain in place at all times. Failure to do so may result in fines. The Board of Directors will address these situations on a case-by-case situation. (Revised Oct 14, 03)
- 3.08 Meter Pit Policy**-The contents of the meter pit (meter and lock wing valve) are sealed with MWC seal. The seal will not allow the operation of the valve without breaking the seal. If the seal should be broken it shall be the responsibility of the Member to notify the Company immediately. The member can open the lid and inner lid to check the leak indicator and read the meter without notifying the Company. Failure to notify Company of breaking the seal may result in fines. The meter pit lid (inner & outer) shall remain in place at all times. If the member opens the lids, the member shall be responsible for replacing both lids in the closed position. Failure to do so may result in fines. (Adopted Oct 14, 2003)
- 3.09 Membership Fee Schedule**- Effective January 13, 2004, as specified below, plus meter installation charges and other applicable charges or fees. Montezuma Water Company reserves the right to determine costs/charges on an individual basis for meter sizes larger than one-inch and to determine meter size based on projected demand. Flow rates shall be determined by Montezuma Water Company, as well as methods to be used. A residential meter (Type I) may service no more than two dwelling units. Effective January 11, 2012
- a. Residential Tap- Provides service for no more than two (2) dwelling units for the purpose of day-to-day living. Each dwelling unit must be represented by a separate Membership or Subscription.
 - b. Commercial Tap- Provides service for more than one (1) dwelling unit or having to do with business.

Description	Meter Size	Gallons Per Minute	Membership Fees
Type I	5/8" x 3/4"	9.4	\$12,500 (Adopted 11/8/22)
Type II	3/4"	13.5	\$20,850 (Up to 3 dwellings)
Type IV	1"	24	\$31,250 (Min.3 up to 6 dwellings)
Type V	1-1/2"	54	\$ 83,350 (Min 7 up to 14 dwellings)
Type VI	2"	96	\$TBD by MWC (Min 15 up to 25 dwellings)
Type VII	3"	216	\$ TBD by MWC
Type VIII	4"	384	\$ TBD by MWC

3.10 Meter Installation Charges- Meter installation charges will cover labor, equipment and materials costs along with additional construction which may apply. Additional construction costs which may apply includes, but is not limited to the following: outside contractor services, road crossings, main line extensions, main line upgrades, easement acquisition, permits, sleeving, rock excavation, uncommon equipment, county road permits, extensive service lateral length, extraordinary depth level excavation. Meter installation fees are due and payable within thirty (30) days of written notification. Non-payment may result in water service being terminated and additional fees being charged.

3.11 Member Request for Out of Scope Information- Any member requesting information (out of the scope of basic information readily available to all members) on anything concerning MWC shall put the request in writing and present the request to the Board of Directors for approval. Personnel information is excluded. An appointment shall be made with the MWC office after approval from the Board, and it will cost \$30.00 per hour and \$0.25 per copy. (Written policy adopted by the Board on July 9, 2002.)

3.12 Other Fees or Charges- The following fees or charges are adopted by the Montezuma Water Company for additional work performed, expected to be performed, or for the purpose of penalties for violations of any of the Rules and Regulations of the Montezuma Water Company. Criminal penalties may apply. Failure to pay charges, fees or fines within ninety days after notification shall be just cause for the Montezuma Water Company to disconnect water service and initiate Membership forfeiture proceedings.

Other Fees or Charges	Min. Fees or Charges
Transfer Fee	\$ 50.00
Transfer Fee (in the event of death)	\$ 0.00
Meter Reading Request (Final Read)	\$ 20.00
Name Change (Includes Transfer) (11/10/98)	\$ 70.00
Turn Water On / Off	\$ 25.00
Renter Authorization	\$ 20.00
Return Check Charge	\$ 25.00
Location Move Administrative Charge (11/10/98)	\$ 35.00
After Hour Fees	\$ 60.00

Administrative Charge	\$ 50.00
CNP Charge	\$ 50.00
Mainline or Meter Tampering Charges	\$ 500.00

Other Fees or Charges (cont)	Min. Fees or Charges
(Min) County Road Sleeving	\$ 1,500.00
(Min) State Highway Road Sleeving	\$ 10.00 / Foot
(Min) Certificate Holding	\$ 25.00
Unauthorized Hydrant Usage	\$ 500.00
Illegal Hookup Charges	\$ 40.00 / Month
Illegal Irrigation Charges	\$ 10.00 / Day
Lost Certificate	\$10.00

3.13 Meter Tampering Definition - Any member who connects any pipe, tube, stopcock, wire, or other instrument or contrivance with any main, or other company medium conducting or supplying water to any dwelling unit without the knowledge and consent of the company commits meter tampering, which is a class 2 misdemeanor. Any person who in any manner alters, obstructs, or interferes with the action of any meter provided for measuring or registering the quantity of water passing through said meter without the knowledge and consent of the company commits meter tampering, which is a class 2 misdemeanor. Nothing in this section shall be construed to apply to any licensed plumbing contractor while performing usual and ordinary services in recognized customs and standards. **Meter tampering will be dealt with on a case-by-case basis.** (Adopted 5/13/03)

3.14 Delinquent Account-

Water charges on water sold through meters shall become due monthly and shall become delinquent if not paid within thirty (30) days from the billing date. Assessments shall become delinquent thirty (30) days after the vote of approval thereof by the members, or in the event of an assessment levied by the Board of Directors as provided in Section 3.12 of this Article, sixty (60) days after notice is given by the Board of Directors to members of such assessment. If an account is not brought current within thirty (30) days from the mailing date of a notice of delinquency, the tap of said water user may be shut off by the corporation or its authorized agents.

Delinquent accounts shall incur interest on the overdue balance at the rate of 2% per month. In the event that a member fails to bring an account current for a period of 24 consecutive months, the member shall be deemed in default and subject to termination of membership rights and voiding of the membership certificate(s) at the sole discretion of the Board of Directors. The member shall be provided notice, via certified mail, return receipt requested, or by personal service, at least thirty (30) prior to a Board meeting during which such action may be taken. A decision by the Board of Directors not to terminate membership rights and void the membership certificate(s) shall not be considered a waiver of later action, nor shall it be considered the basis for estoppel. Revised 2/2010

4.00 MEMBERSHIP TRANSFER

- 4.01 **Approval-** Membership may be transferred only by the approval of the Board of Directors. The applicant or authorized agent of the applicant shall submit all necessary transfer papers, properly executed, along with transfer fees and other applicable fees, prior to being considered for membership by the Board of Directors. Any balance on the water billing or other accounts must be paid in full prior to transfer.
- 4.02 **Foreclosure-** in the event of foreclosure on a Member, satisfactory evidence of the creditor's right to the Membership shall be submitted to the Montezuma Water Company along with required paperwork and the payment of charges or other fees that may be owed before being considered for approval by the Board of Directors.
- 4.03 **Death-** In the event of the death of a Member, the surviving spouse or other person named on the certificate can transfer the Membership without any transfer fees if the following applies:
- A. A surviving party is currently named on the existing Membership.
 - B. The Membership will be only in the surviving party(s) name and no additional name will be added.
 - C. The Mortgagee, if applicable, remains the same.

5.00 MONTHLY BILLS

- 5.01 **Monthly Water Bills-** Monthly water bills are rendered on regularly printed forms and issued in the name of Montezuma Water Company. The bill is in a stub form. One stub is to be retained by the customer for his/her records and the other stub is to be returned to the Montezuma Water Company when payment is rendered. Monthly bills will contain the past and present reading dates, the past and present meter readings, the consumption amount, the amount of the bill, the customers account number, the total amount due and the current account due date by which payment shall be received by the Montezuma Water Company in order to avoid delinquency action.
- 5.02 **Payment of Bills-** All bills shall be due and payable when rendered. The bills shall be delinquent if payment has not been received at the Montezuma Water Company office or other designated site, by the current bill due date. All payments made by check shall be payable to Montezuma Water Company. The Montezuma Water Company will not accept two-party checks for payment of a bill. Should a party other than the owner or agent of record make payment of a bill, the maker shall clearly identify payment as being for the owner or agent of record. Should payment by check be made on an account that fails to clear because of insufficient funds, closing of account, no account or other reason, the Montezuma Water Company may take legal action prescribed by law to prosecute and/or recover payment. Montezuma Water Company may charge additional fees and disconnect water service immediately and without notice in cases where payment was tendered to avoid disconnection. (See 3.12) Amended 11/12/02)

5.03 Billing Adjustments- Montezuma Water Company recognizes that an uncontrollable situation may develop which results in an abnormal amount of water consumption for the Member. Members may request that the Company consider a billing adjustment if this type of situation occurs, such request must be made by the Member prior to 30 days lapsing from the due date of the water billing that registers the leakage. Untimely requests shall not be considered. If Montezuma Water Co. in its discretion agrees to revise a Members billing for the above problem it will do so by verifying the leak is fixed, if it is, then reviewing prior history of water consumption of the Member and determining an average monthly consumption based upon yearly information. Billing for excess usage (excess usage to be determined by the Board of Directors) will be charged the following:

\$1.60 per 1,000 gallons

Revised 1/1/20

6.00 WATER RATES

6.01 General Water Rates- Effective at the beginning of the monthly billing cycle starting December 18, 2020, the following water rates will be in effect for Members of the Montezuma Water Company.

BASE RATES BASED ON METER SIZE -Revised 1/15/23

Meter Size	Base Service Charge
5/8" x 3/4"	\$ 32.00
3/4"	\$ 63.50
1"	\$ 105.75
1-1/2"	\$ 264.00
2"	\$ 422.25
3"	\$ 792.00

RATES PER 1000 GALLONS USED

\$3.60 / 1000 gallons for the first 10,000 gallons used

\$3.85 / 1000 for any usage above 10,000 gallons - Revised 1/1/20

6.02 Dove Creek/ Outlying Areas Water Rates – January 1st 2015 the Board of Directors voted to match the outlying area’s monthly service charge rates to the non-outlying rates.

7.00 CANCELLATION FOR NON PAYMENT (CNP) CHARGES

7.01 Definition of CNP- The cancellation of service for the non-payment of water services past due for 30 days or more.

7.02 Notification- Notification is sent out after the 15th of each month, to the Member at his current mailing address on file, or to the current renter, authorized by the Member (if any). In the case of a delinquent renter, the owner is informed by letter of the delinquency of the renter. (Amended 11/13/01)

On the first working day of the following month, all delinquent accounts are researched for payments. Deposits are done that day to bring all accounts up to date. Any account that is still delinquent, or if an acceptable payment arrangement has not been made, it is listed on a work order for the disconnection of water service. This work order is called a "CNP work order."

7.03 Payment Arrangements- Payment arrangements received are approved by the Company Manager. **All arrangements shall be made prior to disconnection date.** The CNP work order is also given to the Company Manager for approval. (Amended 11/13/01)

7.04 Disconnection- Disconnection of the Member's water service occurs on the first Wednesday of the month, at the earliest possible time. To retain water service, the Member must pay the full amount past due. Under extenuating circumstances, immediate arrangements must be made with the office. The Maintenance Technician is not permitted to receive money and/or checks from the Member for past due accounts. All payments must be made at Montezuma Water Company's office **or drop box prior to disconnection date.** (Amended 4/9/2014)

7.05 CNP Administration Fee- A CNP administration fee will be charged. The administration fee is charged on disconnection date and a CNP Work Order is issued. If the Member is unable to pay the CNP administration fee, it will be added onto the Member's water account under "Other Charges". If water service is disconnected, then a CNP fee will apply in order to restore water service to the Member. If a Member wishes to have water service restored after business hours then an additional After-Hours Fee will apply. (Amended 04/08/2014)

8.00 OWNERSHIP OF WATER FACILITIES

8.01 Water Lines and Associated Items- The ownership of all mainlines, flush hydrants, service laterals, valves, meter equipment and other appurtenant structures shall be vested in the Montezuma Water Company. The owner or tenants of property where such structures or materials are located, in no case have the right to utilize or claim any interest therein. All highway and road sleeving materials shall be under the ownership of the Montezuma Water Company and may not be utilized for other purposes without the express written consent of the Board of Directors of the Montezuma Water Company.

8.02 Flush Hydrants-Purpose and Use- Hydrants on the Montezuma Water Company system are for the purpose of providing a supplemental supply of water to be used for the filling of fire trucks and tankers belonging to the fire departments. Montezuma Water Company will use the hydrants for flushing their water lines. Only fire department personnel and Montezuma Water Company personnel may use flush Hydrants. It shall be unlawful for any person or firm to obstruct the access or to open or operate any flush hydrant without the permission of the Montezuma Water Company.

Unauthorized usage of a flush hydrant shall be subject to civil or criminal penalties in addition to, any monetary penalties imposed by the Board of Directors.

- 8.03 Water Supply For Fire Protection-** The installation or the presence of a flush hydrant on the Montezuma Water Company system does not imply that there is sufficient water supply for fire protection purposes. Montezuma Water Company assumes no liability for lack of availability of water for that purpose.
- 8.04 Right of Inspection-** Any authorized employee of the Montezuma Water Company shall upon presentation of his credentials have free access at reasonable hours to any premises supplied with Montezuma Water Company's water for the purpose of making an inspection of the water system of such premises. In case the authorized employee is refused admittance to any premises, the Montezuma Water Company Manager may cause the water supply to be turned off to such premises after giving notice to do so.
- 8.05 Water System Structures Clearances-** No person shall place upon or about any water line, hydrant, valve, valve box, curb box, water meter box, or other appurtenant structure connected with the water system, any material, structure or other utility line that will prevent free access to the same at all times.
- A. Septic System- A minimum clearance of ten (10) feet of horizontal separation is mandatory for septic systems. Unless the water line is at a lower elevation than the septic system, then a mandatory minimum clearance of twenty (20) feet of horizontal separation is needed.
 - B. Phone Lines- A minimum of two- (2) feet horizontal separation is required for phone lines.
 - C. Electric/Power and Gas Lines- A minimum clearance of five (5) feet horizontal separation is required for electric/power and gas lines. Where published safety codes such as the National Electrical Code or the National Electric Safety Code requires a greater horizontal separation; the Code requirement shall be the minimum clearance.
 - D. Temporary Structures- Materials and temporary structures shall have a minimum clearance of two (2) feet horizontal separation. Permanent structures shall have at least ten (10) feet of horizontal separation. Should written easement be conveyed, the requirements of the easement document shall take precedence. Any party failing to provide minimum clearance separations will indemnify Montezuma Water Company from damage loss should Montezuma Water Company have to excavate.

9.00 CROSS CONNECTIONS

- 9.01 Definition-** A cross connection is a physical linkage permanently or temporarily connecting a water source of a lesser quality than that prescribed in federal and state drinking water requirements. It shall be unlawful for any person to make, install, maintain, or permit any cross connection between water lines and Montezuma Water Company or waterlines containing water delivered from

Montezuma Water Company and any pipe, plumbing fixture or water system which contains water of a quality below the minimum general sanitary standards as to the quality of drinking water supplied to the public. It is unlawful to fail to remove a cross connection within ten (10) days after being ordered in writing by the Montezuma Water Company to do the same.

- 9.02 Cross Connection Laws**- Colorado State law provides that any person, association or corporation, or the officers thereof, who violate the provisions of this section is guilty of a misdemeanor. If convicted of the misdemeanor, the person(s) can be punished by fines of not more than one thousand (1,000) dollars or by imprisonment in the county jail. In addition to such fines and imprisonment, the person(s) shall be liable for any expense incurred by Montezuma Water Company or health authorities in removing such nuisance, source of filth or cause of sickness. Conviction under the penalty provisions of this or any other public health law does not relieve the person from any civil action in damages that may exist for an injury resulting from any violation of the public health laws.
- 9.03 Member Compliance**- All members shall comply with the Safe Drinking Water Act of 1974 (amended 1974-1996) and Article 12 of the Colorado Primary Drinking Water Regulations and Montezuma Water Company's Cross Connection Program. In addition, members are required to complete a survey that identifies possible cross connections and return it to the office. Failure to comply may disrupt service.
- 9.04 Pressure Regulator** - Montezuma Water Company installs a water pressure regulator in each meter pit to help regulate water pressure in a member's service line and residence. While MWC makes reasonable efforts in monitoring and periodically replacing water pressure regulators, they do occasionally fail while in service. Due to those failures, MWC does not guarantee their functionality, and shall not be liable for any damage caused by higher than normal pressure in the member's service line. Such damage may include line ruptures, flooding, and damage to water heaters. MWC highly recommends all members install their own regulator and pressure gauge in their service line in order to provide redundant protection and the ability to monitor service line pressures. Members should notify MWC of any signs of high line pressures.

10.00 AVAILABILITY OF WATER SUPPLY

- 10.01 Interruption of Service**- The water service/supply may at any time be shut off from Montezuma Water Company supply or mains without notice due to emergencies or for the purpose of making repairs, extensions or other necessary work. Members who require a continuous supply of water must take necessary steps such as installation of a water storage facility on their premises in case the water supply may for any reason be interrupted. Montezuma Water Company does not guarantee a continuous supply. Members who have temporary storage facilities shall abide by all cross connection rules and regulations. Montezuma Water Company will not haul or carry any water to any Member in the case of interruption of service.

10.02 Irrigation and Sprinkling- Montezuma Water Company does not warrant that there is a sufficient water supply for the purpose of irrigating and sprinkling. Montezuma Water Company has the right to make certain rules and regulations with reference to the use of water supplied for this purpose. The Company may impose restrictions or time limitations on sprinkling or irrigation based on area or system wide use.

11.00 CISTERN POLICY

11.01 General- In an effort to fairly assess the cost of service and protect Montezuma Water Company from liability claims for the improper or unhealthy use, storage or consumption of potable water, Montezuma Water Company will enforce the following guidelines.

11.02 Cisterns In Use On or Before July 1, 1990- All cisterns in existence and in use on or before July 1, 1990 are grandfathered if recorded in Company records.

- A. Each cistern being filled or refilled in whole or part by water from Montezuma Water Company, or serves in whole or part one (1) or more dwelling units, shall pay for each such dwelling unit so served, one minimum monthly charge at the then effect rate, and continue to pay such charge each consecutive month thereafter for so long as the said cistern remains in use with dwelling unit that the said cistern is serving.
- B. The Member authorizing the filling of said cistern or the Member owning the tap from which the water delivered to said cistern shall advise Montezuma Water Company that such cistern or cisterns is in use. Montezuma Water Company shall issue a permit for the continued use of such cistern with the water supplied by Montezuma Water Company.
- C. Failure of a Member to notify Montezuma Water Company and to obtain a permit for an existing cistern shall result in the cessation of the right to fill such cistern with the water supplied by Montezuma Water Company.
- D. After thirty (30) days notification of a violation, Montezuma Water Company may disconnect water service to the Member failing to comply, or may bring action in the District court to enjoin the said use of the said cistern or to seek whatever other remedy it deems justified under the circumstances.
- E. After notification, any Member who feels aggrieved by the action of Montezuma Water Company may request a hearing before the Board of Directors of Montezuma Water Company.
- F. The use of a grandfathered cistern is a personal right confined to the Member. At such time as the cisterns wears out or must be repaired or replaced or the member sells, transfers, or amends his Membership, or the member assigns his billing notice to another party, this right shall terminate, unless it is determined by the Board of Directors that a special hardship exists.

11.03

New Cisterns

- A. Any cistern constructed or is put into use after July 1, 1990, which is filled in whole or in part by water from Montezuma Water Company and which is used in whole or part to service a dwelling unit shall be required to obtain a Membership for each such dwelling unit. Rates shall be those as specified above.
- B. A permit shall be issued in accordance with Paragraph 11.02-B of this regulation in the cessation of water service to the tap filling such cistern in accordance with Paragraph 11.02-D and 11.02-E of this regulation.

11.04 All Cisterns- The permit required by these regulations shall provide that Montezuma Water Company shall not be responsible for any injury to persons or property which may arise as a result of the use or misuse of Montezuma Water Company's treated water in said cisterns. Members shall agree to use or store such water in accordance with the Rules and Regulations of the Colorado Department Health.

12.00 LINE EXTENSION AND/OR LINE UPGRADE

12.01 General- The following policy applies to line extensions and/or line upgrades with the exception of lines and appurtenant structures installed within subdivision.

12.02 Approval- All waterline extensions and upgrades are subject to initial approval by Montezuma Water Company.

12.03 Costs- All waterline extensions and/or line upgrade planning, easement, right-of-way and construction costs shall be the responsibility of the initial person(s) requesting or required to do a waterline extension or waterline upgrade. All waterline extensions shall be completed no later than twenty-four (24) months from the date of the project inception/payment received. Extensions that shall require more than the twenty-four (24) months to complete shall be requested by the initial person(s) in writing and reviewed by the Board of Directors. (Revised 3/4/03)

12.04 Specifications- All waterline and appurtenant structure construction must adhere to Montezuma Water Company specifications. All materials used shall meet or exceed the minimum criteria established by Montezuma Water Company. Costs for performing all engineering, design, pressure tests, as-built information and preliminary cost estimates shall be the responsibility of the initial person(s) requesting or required to do a waterline extension or upgrade.

12.05 Ownership- All waterline extensions and upgrades shall revert in ownership to Montezuma Water Company. No water shall be turned on and made available for service until ownership of the line extension or upgrade has become effective. Ownership by Montezuma Water Company shall become effective upon the date of completion of all of the following:

- A. Successful bacteriological disinfection of the extension or upgrade has been performed.
- B. Hydrostatic leakage and pressure tests have been performed and meet or exceed construction parameters.
- C. Payment for all costs associated with the extension or upgrade has been completed.

12.06 Line Extension and/or Upgrades Policy- Developers have available to them two options on payment of the line extension and/or upgrade.

Option 1 12.07 Financial Reimbursement Policy-Line Extension and/or Upgrades- and 12.08 Financial Reimbursement Compensation Policy-

Option 2 12.09 Taps per Mile.

The developers shall choose their desired option and enter into an agreement with the company prior to construction. All fees are due prior to construction. (10/10/06)

12.07 Financial Reimbursement Policy-Line Extension and/or Upgrades- A financial reimbursement agreement will be made available to the person(s) involved in the said line extension and/or upgrade. The agreement for reimbursement shall be limited in duration to a time of no more than ten (10) years. The time period shall begin on the date that ownership and acceptance of the line extension and/or upgrade by Montezuma Water Company occurs.

Future person(s) required to pay compensation for an extension and/or upgrades may also be entitled to future consideration in the financial reimbursement policy. The time period, for the aforementioned future person(s), shall be the remaining time period left to expire from the original extension and/or upgrade date of acceptance by Montezuma Water Company. Ten (10) years after that date of acceptance, no financial consideration shall be required to be paid by future person(s) towards the cost of the original line extension and/or upgrade.

12.08 Financial Reimbursement Compensation Policy- The Financial reimbursement policy in regard to compensation and costs in future years is as specified below.

- A. For ten (10) years after Montezuma Water Company has assumed responsibility for a water line extension and/or upgrade, the person(s) involved in the original construction and any future person(s) wishing to acquire water from the extension and/or upgrade shall be entitled to compensation and/or obligated to pay consideration as specified below.
- B. The person(s) requesting the water line extension and/or upgrade shall bear the initial cost. The person(s) bearing the initial cost shall submit verifiable costs to Montezuma Water Company within thirty (30) days after acceptance of the extension and/or upgrade has occurred. Verifiable costs shall not exceed Montezuma Water Company engineering estimates. Should verifiable

costs be lesser or greater than Montezuma Water Company engineering estimates, Montezuma Water Company, at its option, may revise initial estimates. Montezuma Water Company shall utilize the revised engineering estimate as the cost of the line extension and/or upgrade. Should the person(s) bearing the initial cost not submit verifiable costs within the above mentioned time period, Montezuma Water Company shall utilize the initial engineering estimate or a revised engineering estimate as the cost for the line extension and/or upgrade.

- C. All future person(s) requesting water service serviced by the line extension and/or upgrade after the initial person(s) shall be required to pay a proportionate share of the water line extension and/or upgrade costs plus six (6%) percent. Montezuma Water Company shall take into account the length of the extension and/or upgrade, Montezuma Water Company participation, and the number of existing memberships and deposits in determining the proportionate share. Commercial memberships, if applicable, shall be proportioned on the size of the meter. Payment shall be submitted to Montezuma Water Company. No water service shall be rendered until such payment has occurred. Each future person(s) shall, in addition, be charged a one hundred-dollar (\$100.00) handling fee. The handling fee shall be waived if the future person(s) does not wish to participate in receiving future reimbursement costs. (Amended 4/10/01)
- D. Montezuma Water Company shall reimburse the original person(s) and any participating future person(s) a proportionate share of the payment(s) received from other future person(s) requesting water service serviced by the line extension and/or upgrade plus the six (6%) percent received. Such reimbursement payments shall be made no later than sixty (60) days after Montezuma Water Company has received payment from the person(s) required to pay a share of the water line extension and/or upgrade cost. (Amended 4/10/01)
- E. Subdivisions with four (4) or more lots or tracts will not qualify for financial reimbursement for line extensions or line upgrades. (Dec 12, 2000)

12.09 Taps per Mile- The cost of the line extension and or upgrade shall be calculated by company staff. The cost of the line extension shall be divided by the current membership rate then multiplied by 1.5 plus one to determine the number of taps (based on 5/8" x 3/4" membership, all other shall be reviewed by Board of Directors) needed to construct the line extension and/or upgrade. Total cost shall be final when approved by the Board of Directors and any objections to the calculation not presented to the Board shall be deemed waived. The developer is responsible for cost of memberships as determined by above formula and approved by Board of Directors and must be paid in full prior to line extension/upgrade construction starting, The memberships purchased have full membership rights. Developers/Subdivisions that choose this option are required to pay \$500 water availability fee for each lot within the development. (10/10/06)

13.00 WATER AVAILABILITY POLICY

- 13.01 **General-** Water Availability shall only be available and is required for each lot created through a county subdivision process. (1/19/07) All Divisions of Land which intend to utilize water from Montezuma Water Company for a potable water supply are required, prior to installation, to have all mainlines and other appurtenant structures designed and approved by Montezuma Water Company. The size, design, type and quality of materials, the location and manner of installation, shall be specified by Montezuma Water Company and shall comply with requirements of the Colorado Department of Health or other public agencies having authority therein. All tracts within a Division of Land shall be required to have piping installed such that no line extensions or road bores are necessary in the future.
- 13.02 **Fees-** A fee of \$500 per lot shall be charged for each lot in a Division of Land that is created through a county subdivision process. Each availability fee will represent security to assure the Developer/Owner availability of water at the Division of Land. This is not a guarantee of water service, **but the fee does guarantee the availability of water service.** These fees will be in the forms of cash and are nonrefundable. These fees are due and accepted only on the presentation of the final subdivision plat for signature to the Company Manager, on the final plat for the county. Fees may not be assigned to another location. (1/99) Water Availability fees will not be accepted for Divisions of Land that are not required to complete the county's subdivision process.
- 13.03 **Letter of Water Availability-** Upon complete execution of the Water Availability Agreement and completion of an agreement for line upgrade or line extension, if required by Montezuma Water Company, a letter of water availability shall be issued to the Developer/Owner and the final plat shall be signed. (12/97)
- 13.04 **Commercial-Industrial Deposits-** Montezuma Water Company will negotiate deposits on Commercial-Industrial Subdivisions. The subdivision will not have a guarantee of water without meeting the subdivision deposit requirements. Section 4.411 – Deposits (4/98)
- 13.05 **Mainline Costs-**All costs for mainlines, appurtenant structures, design, inspections, and other services involved in the construction of a distribution system within the Division of Land shall be borne by the Developer.
- 13.06 **Construction-** All construction work involved shall be done in accordance with Construction Specifications of Montezuma Water Company.
- 13.07 **Easements-** The Developer shall furnish to Montezuma Water Company adequate and recordable easements and required surveying, over, under, and across all portions of the facilities locations as may be necessary to serve each parcel or tract within the Division of Land. All easements and right-of-ways shall be free of obstacles that may interfere with the construction of Montezuma Water Company's water facilities. If the Developer's Division of Land involves road construction, all

roads and drainage-ways will be brought to grade by the Developer prior to the commencement of the installation of Montezuma Water Company's water facilities. No pavement or curbs shall be installed prior to completion of all water facilities. If any street, road, alleyway, driveway or drainage-way is installed at a different grade or location, the Developer shall bear all the costs incurred by Montezuma Water Company to relocate water facilities as a result of said facilities having improper cover or location. Such costs shall be non-refundable.

- 13.08 **Extensions / Upgrades Outside of Division of Land-** Montezuma Water Company may require line extensions or line upgrades to be done outside the Division of Land in order to ensure an adequate supply of water is available for the general area. The initial cost of all line extensions and/or line upgrades shall be borne by the Developer.
- 13.09 **Ownership-** All water facilities installed within a Division of Land shall become the sole property of Montezuma Water Company upon written acceptance by Montezuma Water Company. The Developer shall have no right, title or interest in or to any such facilities after written acceptance. Water delivery to any tract or tracts shall not commence until written acceptance has occurred.
- 13.10 **Commercial-** Commercial units per each land division requiring other than the standard residential tap shall be negotiated with the Board of Directors.



Montezuma Water Company Water Availability Fee Agreement



Date _____

This Agreement entered into between the Montezuma Water Company, a non-profit corporation and _____

Subdivision Name: _____ Phase: _____ Lot #: _____

Subdivision Address/Location: _____

Mailing Address: _____ City: _____ State: _____ Zip: _____

Phone No: _____ Fee: **\$500.00**

Mortgagee: _____ Address: _____

WITNESSETH:

Whereas, the Developer of the aforementioned subdivision desires assurance of a potable water supply in the future for the lot(s) specified and only the lots specified, Montezuma Water Company requires that financial consideration is in order to extend that assurance:

NOW THEREFORE, In consideration of the mutual covenants, promises, and agreements herein contained, it is hereby understood and agreed by the parties hereto as follows:

Montezuma Water Company, subject to limitations set out in this Agreement and its Articles of Incorporation, By-Laws and Rules and Regulations, now in force or as hereafter amended, shall consider the financial consideration conveyed by the Developer as a fee to guarantee the availability of water service for the lot described in this Agreement. The fee(s) shall be non-interest bearing and non-refundable.

IN WITNESS WHEREOF, we have executed this Agreement this _____ day of _____, 20____.

By: _____

President - Montezuma Water Company

Member

Member - As Joint Tenants

Mortgagee

ATTEST: _____
Secretary - Treasurer

