

**RULES, REGULATIONS AND RATES OF
THE TRI GENERAL IMPROVEMENT DISTRICT
FOR WATER SERVICE**

ARTICLE 1. GENERAL PROVISIONS

- 1.1 Purpose. TRIGID has been created by Storey County under Nevada Revised Statutes Chapters 318 and 308 to own, maintain and operate community water and sewer systems to provide service to Customers in the service area, known as Tahoe-Reno Industrial Center, pursuant to Ordinance #171 and Resolution 00-85, both passed on August 8, 2000. TRIGID is not regulated as a public utility by the Nevada Public Utility Commission. TRIGID is a quasi-municipal entity functioning as a political subdivision of the State of Nevada.
- 1.2 Enterprise. TRIGID will furnish a system used for the provision of fire protection water as well as industrial, domestic and commercial water; and for the collection of domestic, commercial and industrial wastewater and septic tank effluent; including all parts of the enterprise, all appurtenances thereto, and land, easements, rights in land, contract rights and franchises.
- 1.3 Company. TRIGID has entered into an Operating Agreement dated March 7, 2001 pursuant to which TRI Water And Sewer Company has the rights and obligations to operate TRIGID's water and sewer system facilities in order to fulfill TRIGID's obligations to provide services to Customers, including without limitation system engineering and design, operations and maintenance, administration and customer services, and billing and collections. In the event the Operating Agreement is terminated for any reason, TRIGID may contract with another operating company for some or all services, or TRIGID may operate directly some or all services.
- 1.4 Separability. If any section, subsection, sentence, clause or phrase of these Rules, Regulations and Charges or the application thereof to any person or circumstance is for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portions of these Rules, Regulations and Charges or the application of such provision to other persons or circumstances. The Board hereby declares that it would have promulgated these Rules or any section, subsection, sentence, clause or phrase hereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases may be declared to be unconstitutional.
- 1.5 Words and Phrases. For the purposes of these Rules, Regulations and Charges, all words used herein in the present tense shall include the future; all words in the plural number shall include the singular number; and all words in the singular number shall include the plural number.

ARTICLE 2. DEFINITIONS

- 2.1 Account Transfer shall mean any change made to a billing account, including but not limited to new ownership or new tenancy.
- 2.2 Additional Definitions/UPC. For the purpose of this Rules, additional terms shall have the meanings indicated in Chapter 1 of the latest edition of the Uniform Plumbing Code as prepared by the International Association of Plumbing and Mechanical Officials. Except as expressly stated otherwise in these Rules, all provisions of the latest edition of the Uniform Plumbing Code are incorporated herein by reference.
- 2.3 Applicant shall mean the person, business or governmental agency making application for water service to a parcel within service area, including the TRI Owners Association.
- 2.4 Application shall be a written request for water service (as distinguished from an inquiry as to the availability of, or charges for, such service) and agreement by Customer to comply with these Rules.
- 2.5 Billing Period shall be the period for which a billing is made. It may be for an average month and need not coincide with the calendar month (i.e., may be billed on a cycle of 29 to 31 days).
- 2.6 Board shall mean the Board of Trustees of TRIGID.

- 2.7 Building shall mean any structure used for human habitation or a place of business, recreation or other purpose requiring water services.
- 2.8 Capital Costs shall mean costs of major rehabilitation, expansion or upgrading required as facilities reach the end of their useful life.
- 2.9 Capital Outlays shall mean expenditures which result in the acquisition of, or addition to, fixed or capital assets.
- 2.10 Construction Water shall mean water delivered through other than a standard service connection for construction purposes.
- 2.11 Contractor shall mean an individual, firm, corporation, partnership or association duly licensed by the State of Nevada to perform the type of work to be done under these Rules.
- 2.12 Cross Connection shall mean any actual or potential connection between TRIGID's distribution facilities and any source or system which may potentially cause contamination, pollution, or change in water quality by any and all causes.
- 2.13 Company shall mean the TRI Water and Sewer Company, a Delaware corporation.
- 2.14 Connection Charge shall mean a fee charged in order to compensate TRIGID for the capital costs of investment, maintenance and repair in water plant equipment and related facilities made by TRIGID. The charge is applied to all new users of water facilities in approximate proportion to their anticipated usage and is for the right of service in the system.
- 2.15 County shall mean the County of Storey, State of Nevada.
- 2.16 Cubic Foot is the volume of water which occupies one cubic foot. The cubic foot is equal to 7.481 gallons.
- 2.17 Customer shall mean the person in whose name service is rendered as evidenced by Customer's signature on the application or contract for that service, or in the absence of a signed instrument, by the receipt and payment of bills regularly issued in Customer's name regardless of the identity of the actual user of the service.
- 2.18 Date of Presentation shall be the date upon which a bill or notice is either postmarked or hand delivered to the Customer.
- 2.19 Delinquent shall mean an account that has not been paid by the 1st day of the calendar month following the due date of payment specified on the bill.
- 2.20 Developer shall mean any person engaged in or proposing development of property in the service area.
- 2.21 Development shall mean a parcel of property in the service area being improved and requiring water service, including but not limited to installation of service mains to and possibly on the property being improved.
- 2.22 Easement shall mean an acquired legal right for the specific use of land owned by others.
- 2.23 Employee shall mean any individual employed by TRIGID excluding independent contractors, consultants, and their employees.
- 2.24 Gallon is the volume of water which occupies 231 cubic inches.
- 2.25 Idler shall mean a length of pipe or spacer installed in lieu of a meter.
- 2.26 Inspector shall mean an individual designated to inspect facilities which are the subject of this Rules.

- 2.27 Inter-Connection shall mean any actual or potential connection to Customer piping which will provide water to property or permit use of water for purposes other than that for which a service connection was authorized.
- 2.28 Law is any statute, rule or regulation established by federal, state, County or municipal authorities.
- 2.29 Living Unit shall mean any residence, apartment, or other structure to be occupied for habitational purposes by a single person or family and requiring water service.
- 2.30 Main Classifications:
- A. Off-Site Main shall mean a main, regardless of size, which extends from the existing water system to a development, but excluding onsite mains.
 - B. On-Site Mains shall mean those public mains which are installed specifically to provide service to developments, and generally located within the development's boundaries.
 - C. Public Mains or TRIGID Mains shall mean those mains which are owned, operated and maintained by TRIGID after completion and acceptance.
 - D. Private Mains shall mean all water mains not owned by TRIGID after completion.
- 2.31 Metered Service is a service for which charges are computed on the basis of measured quantities of water.
- 2.32 Operation and Maintenance shall mean those functions that result in expenditures during the useful life of the water system facilities for materials, labor, utilities and other items which are necessary for managing and maintaining the water system facilities to achieve the capacity and performance for which such facilities were designed and constructed. The term "operation and maintenance" includes replacement as defined in these Rules.
- 2.33 Owner shall mean a person who holds legal title to the property or who is under contract to purchase the property.
- 2.34 Permanent Service is a service which, in the opinion of TRIGID, is of a permanent and established character. The use of water may be continuous, intermittent or seasonal in nature.
- 2.35 Permit shall mean any written authorization required pursuant to this or any other regulation of the service area for the installation or operation of any part of the water system within the service area.
- 2.36 Person shall mean any individual, firm, association, organization, partnership, trust, company, corporation or other entity, and any municipal, political, or governmental corporation, body, or agency, other than TRIGID.
- 2.37 Premises shall mean all of the real property and services to a single integrated activity operating under one name to one or more buildings, locations or services, provided: (a) such building, locations or services are to a single unit of property; or (b) such buildings, locations or services are on two or more units of property immediately adjoining, except for intervening highways, streets, alleys or waterways.
- 2.38 Private Fire Protection shall mean service through a line used to extinguish accidental fires which benefits only one Customer or one class of Customers and is provided as an extra service in addition to normal and customary fire protection provided by TRIGID to all Customers.
- 2.39 Replacement shall mean expenditures for obtaining and installing equipment, accessories or appurtenances which are necessary during the useful life of the water system facilities to maintain the capacity and performance for which such facilities were designed and constructed.

- 2.40 Rules shall mean these Rules, Regulations and Rates Of The TRI General Improvement District For Water Service.
- 2.41 Service Area shall mean the place of use of water rights available to serve the certain areas as designated in Article 13 of these Rules.
- 2.42 Service and Connection Classifications:
- A. Combined Services shall mean service connections through which water is obtained for the dual purpose of fire protection and domestic use.
 - B. Commercial Services shall mean service connections to include, but not limited to, nonindustrial businesses, office buildings, private clubs, motels, hotels, department stores, retail stores, restaurants, clubs, schools and similar Customers.
 - C. Domestic Services shall mean service connections through which water is obtained for all purposes exclusive of fire protection, but including residential, commercial, and industrial uses.
 - D. Emergency Service Connection shall mean a temporary service connection required to provide water to safeguard health and protect private or public property, subject to the conditions governing temporary service connections.
 - E. Industrial Service shall mean service to Customers engaged in warehousing or distribution, or in a process which creates or changes raw or unfinished materials into another form or product (e.g., factories, mills, manufacturing facilities, assembly plants, machine shops, mines, pumping plants, creameries, canning and packing plants, or processing activities).
 - F. Interim Services shall mean non-permanent connections for delivery of water for use during the construction of developments, other construction projects, and in certain instances, for emergency service.
 - G. Non-Standard Connection shall mean a service connection installed at a location not adjacent to the property served and where there will not be a main installed contiguous to the property.
 - H. Private Fire Service shall mean a service connection through which water is delivered to private property for fire protection exclusively.
 - I. Residential Service shall mean service to a Customer in a single family dwelling, mobile home or building, or in an individual flat, condominium, or apartment in a multiple family dwelling, or building or portion thereof occupied as the home, residence or sleeping place of one or more persons.
 - J. Service Connection shall mean the lateral pipe from the point of connection to a TRIGID water main, to and including the curb stop valve and/or meter box.
 - K. Standard Service Connection or "Permanent Service Connection" shall mean a service connection installed at a location adjacent to the property being served.
 - L. Temporary Service Connection shall mean a service connection installed at a location not adjacent to the property served and which is subject to removal or relocation at such time as a main is constructed.
- 2.43 Tenant shall mean a person renting or leasing a premises from the Customer or the Customer's selected representative.
- 2.44 TRIGID shall mean TRI General Improvement District, a political subdivision of the State of Nevada, formed and existing as specified in Subsection 1.1 of these Rules.

- 2.45 Water Meter shall mean a water volume measuring and recording device, furnished and/or installed by a user and approved by TRIGID.

ARTICLE 3. CONDITIONS OF SERVICE

- 3.1 Pressures. All applicants for service connections or water service and Customers shall accept such conditions of pressure and service as are provided by the distribution system at the location of the proposed service connection, and shall hold TRIGID and the Company harmless for any damages arising out of low pressure or high pressure conditions.
- 3.2 Interruption of Service. TRIGID will endeavor to notify Customers in advance of any interruption in service due to repairs, or other causes. However, in emergency conditions, when notification is not practical, service may be interrupted for indefinite periods of time. All Customers shall hold TRIGID and the Company harmless for any damages arising from interruptions in service caused by repairs, emergencies or conditions beyond the control of TRIGID.
- 3.3 Area Served. Properties within the boundaries of the service area shall be eligible to receive water from TRIGID in accordance with these Rules and subject to acceptance by TRIGID of a completed application by Customer.
- 3.4 Main Required. New applications for water service will be accepted only if the water main extends to the property being served, said water being within an off-site right-of-way or easement granted to TRIGID, or TRIGID agrees to extend the water main, unless the Customer agrees to extend all distribution, storage and supply capacity necessary to serve the Customer, subject to the provisions of these Rules.
- 3.5 Property Not Adjacent to a Water Main. In order to obtain service to property not immediately adjacent to a water main as required by Article 3.4 above, the applicant will be required to provide a main extension in accordance with the requirements of Article 10, or the applicant may make application for a non-standard service if the property meets the requirements of Article 9.9, and the applicant may be required to comply with the provisions of Article 4.3.
- 3.6 Damage to Property. TRIGID and the Company will not be liable for damage to property resulting from water running from open or faulty piping or fixtures on the Customer's property or from interruption or termination of service in accordance with these Rules, Regulations and Charges. Customers who request activation of a service shall be responsible for damage resulting from such activation due to open or faulty piping and fixtures on the Customer's property.
- 3.7 Tampering With TRIGID Property. No one except an employee or representative of TRIGID or the Company shall at any time in any manner operate the curb cocks or valves, main cocks, gates or valves of TRIGID's system; or interfere with the meters or their connections, street mains or other parts of the system.
- 3.8 Penalty for Violation. For the failure of the Customer to comply with all or any part of these Rules, the Customer's service may be discontinued, in TRIGID's sole discretion, until the Customer is in compliance. Termination of water service shall be in accordance with Article 11.
- 3.9 Waste of Water. No Customer shall knowingly permit leaks or waste of water. Where water is wastefully or negligently used on a Customer's premises, or is flowing onto adjacent properties, roads, or drainage ditches seriously affecting the general service or operation of the system, TRIGID may discontinue the service if such conditions are not corrected within twenty-four (24) hours after giving the Customer written notice.
- 3.10 Regulation of Water Usage. TRIGID may from time to time require that a watering schedule be followed or use of water be curtailed, or provide incentives for off-peak time watering, by notice to each Customer. Unless

a different water schedule is promulgated by TRIGID, the following schedule of restrictions shall apply for outdoor irrigation to all commercial, industrial and other nonresidential Customers:

- A. Customers with odd addresses - Monday and Thursday only;
- B. Customers with even addresses - Tuesday and Friday only;
- C. Watering by spray irrigation shall take place only between the hours of 6:00 p.m. to 6:00 a.m. during allowed days;
- D. Watering by drip irrigation or by hand may take place at any time during allowed days; and
- E. The watering of new lawns for a period of six weeks from the date of planting seed or laying sod or watering vegetation planted for erosion control in an approved project to the extent necessary to reasonably assure establishment thereof.

3.11 Notices to Customers. Notices from TRIGID to a Customer will normally be given in writing, and either delivered or mailed to Customer at Customer's last known address based on billing records. Where conditions warrant and in emergencies, TRIGID may resort to notification either by telephone, facsimile or messenger. When a Customer is refused service under the provisions of these Rules, TRIGID will notify the Customer promptly of the reason for the refusal to serve and of the right of the Customer to appeal TRIGID's decision to the Board. Failure by the Customer to accept a certified letter notice will not relieve the Customer of responsibility for contents of notice.

3.12 Notices from Customers. Notice from the Customer to TRIGID may be given by the Customer or Customer's authorized representative in writing at TRIGID's operating office. TRIGID's current operating office (which is subject to change) is:

TRI General Improvement District
9475 Double R Boulevard, #11
Reno, Nevada 89511
Telephone (775) 852-5700
Fax: (775) 852-5707

3.13 Customer's Premises. TRIGID and Company employees and agents shall have the right of access to Customer's property at all reasonable hours for any purpose related to the furnishing of service and protection of water quality and quantity, but will generally not enter upon Customer's premises to engage in repair or alteration of Customer piping and fixtures, since it is a responsibility of Customer to service or repair its piping and fixtures.

3.14 Special Conditions And Circumstances. In the event that conditions or circumstances arise which are not specifically covered by these Rules or warrant deviation from these Rules, TRIGID may take whatever action, including establishing rates and charges which, in its discretion, is warranted, including execution of contracts and agreements with Customers covering special conditions and circumstances.

3.15 Effective Date. These Rules shall become effective on the date of signature by the Board.

3.16 Continuity. Adoption of these Rules shall not be construed as a waiver of any right or obligation under any prior agreement, contract, or commitment of a Customer and TRIGID.

3.17 Meters. All new services shall have water meters and will be billed according to the metered rate schedule.

ARTICLE 4. SCHEDULE OF RATES AND CHARGES

4.1 Link To Monthly Rates And Connection Charges Of Fernley Town Utilities. Rates and connection charges for all water service and connection classifications shall be sums equal to 95% of the monthly rates and connection charges (also referred to as "fees") charged by the Fernley Town Utilities for water service, as may be changed from time to time. TRIGID shall not increase said rates and connection charges unless the Board determines that said rates and connection charges are insufficient to pay, in the case of connection charges, all

costs of Capital Outlays (including interest carry); and to pay, in the case of rates, all operating costs of TRIGID, including but not limited to, overhead, salaries and other employee compensation, operating and maintenance expenses, taxes, reserve and replacement, water rights lease or purchase fees, any other fees, expenses and charges normal and customary for water service utility companies. In the event said rates are insufficient to pay all said operating costs, then monthly rates may be raised to a level that will cover all operating costs. Copies of the current Fernley Town Utilities are available upon request at the operating office of TRIGID.

- 4.2 Link To Washoe County Ordinance. All fees and charges in Articles 4 and 5 of these Rules, other than the monthly rates and connection charges specified in Article 4.1 above, are adopted from Washoe County Ordinance 999, adopted January 1, 1998 (with some minor amendments), and shall be in effect unless amended by Washoe County, in which case all amendments which have the effect of increasing fees and charges (other than those specified in Section 4.1) shall be immediately incorporated herein by reference as of the effective dates of the amendments.
- 4.3 Build And Dedicate TRIGID System Facilities. If TRIGID determines, in TRIGID's sole discretion, that connection of new service for a Customer will exceed the standard specifications (see, Article 15.2) for existing storage, supply or distribution capacity of TRIGID's water system, or requires additional storage, supply or distribution facilities, TRIGID may in its sole discretion require as a condition of service that the Customer design, permit and construct all additional new water facilities (e.g., wells, pump station, pipelines, valves, storage tanks) necessary to increase said capacity or provide facilities for Customer's use prior to providing water service. Customer shall complete and dedicate to TRIGID without charge all water system facilities as constructed. To the extent that any of said water system facilities are oversized beyond the Customer's needs, TRIGID shall reimburse the Customer from connection charges collected from subsequent Customers using said facilities or provide Customer a credit therefor from connection charges. The basis for reimbursement or credit shall be the difference in actual costs of the water system facilities between the capacity required for the constructing Customer's use and the oversized capacity. No overhead, administrative charge, profit or interest on said actual costs will be reimbursable. All design and construction of said facilities must be approved by TRIGID. The constructing Customer shall not be entitled to a credit from the connection charge for all or any portion of the water system facilities so constructed, except as specified in this Article. The procedures specified in Article 10 shall be used for all construction under this Article 4.3. Construction by a third-party developer of off-site water system facilities shall not entitle the Customer to claim a credit or reimbursement for the water system facilities so constructed.
- 4.4 Charges for Meter Testing. TRIGID will shop-test, preferably in the presence of the Customer, a meter of a size two-inches (2") or smaller, at the request of a Customer and payment of a twenty dollar (\$20) fee. If the meter, upon testing, registers no greater than two percent (2%) over the true quantity, the fee shall be forfeited, and all water bills shall be paid as presented. However, if the meter registers more than two percent (2%) of the true quantity, the fee shall be returned, and the amount overcharged during the prior six months, or such portion of the six month period as the Customer has been responsible for water bills, will be credited to the Customer and another meter substituted for the inaccurate meter. The same procedure shall apply to meters larger than two-inches (2"), except that the meter shall be field-tested.
- 4.5 Charges for Interim Service. These charges apply to nonmetered services through which water is delivered from an approved fire hydrant connection for use during construction, exclusive of developments which have paid for metered construction water.
- A. A hydrant use permit fee of ten dollars (\$10.00); and
- B. Three dollars (\$3.00) for each day, and water is used at rates specified in Article 4.1.

ARTICLE 5. OTHER CHARGES, FEES AND DEPOSITS

- 5.1 Security Deposit for Service. TRIGID may require a security deposit in the amount of Five Hundred Dollars (\$500.00) or one-year's total estimated rates (whichever is less) from all new Customers or applicants, from Customers whose accounts are delinquent on more than one occasion (i.e., two monthly payments overdue) in any one (1) year period, or in situations where TRIGID has cause to believe that a deposit is required to ensure payment of bills. At the end of one year of service, if all accounts have been kept current the amount of the deposit, plus interest accrued at the rate of 4% per annum simple interest, shall be credited to the succeeding months' bill(s). Service must be in place for a minimum of six (6) months for any interest to be accrued. Upon discontinuance of service, any deposit held by TRIGID will be applied to the final billing with any deposit amount refunded to the Customer. If the deposit is applied to a Customer's account because of delinquent bills, all interest accrued will first be applied to delinquent bills. By posting a deposit, the Customer agrees that the deposit is a pledge to make future payments to TRIGID and not payments for future services that are furnished by TRIGID.

Any application for service will not be granted unless full payment has been made for water or sewer services previously rendered to the applicant or Customer by TRIGID, if any. Failure on the part of the Customer to make a deposit within fifteen (15) days after written notice by TRIGID that such deposit be made or service may be discontinued, shall warrant TRIGID in discontinuing the service to the Customer. TRIGID may waive the security deposit requirement, in its sole discretion, or accept alternate security.

- 5.2 Charges for Disconnection, Reconnection, Account Transfer and Special Reading. If service is discontinued whether at the request of the Customer or initiated by TRIGID for reasons other than those specified in Article 5.10, the Customer shall pay a processing charge of fifteen (\$15.00) for disconnection and another fifteen dollars (\$15.00) for reconnection. If the Customer requests an account transfer or special meter reading, a processing charge of fifteen dollars (\$15.00) shall be charged. Customers must give 24 hours or previous working day's notice for disconnection,, reconnection or special reading.

- 5.3 Installation Fee: The installation fee shall be charged to cover the cost of materials and labor for installing the water service. This fee shall be based on the service size and shall be in the amount shown. The installation fee includes tapping of the main, installation of the service line from the main to the meter, the meter, and the meter box, in accordance with the following table:

<u>Service Size</u>	<u>Installation Fee</u>
3/4" or smaller	\$ 750
1"	\$ 795
1 1/2"	\$ 975
2"	\$1,290
Over 2"	Actual Cost, or \$1,300, whichever is greater

In the alternative, if all materials and labor are supplied, the installation fee includes setting of meter in a TRIGID approved installation, in accordance with the following table:

<u>Service Size</u>	<u>Installation Fee</u>
3/4" or smaller	\$ 80.00
1"	\$ 90.00
1 1/2"	\$130.00
Over 2"	Actual Cost

TRIGID or Company personnel or agents will do all service connection installations, unless TRIGID approves another means of installation.

- 5.4 Plan Checking and Inspection Fee. Any applicant, Customer or a Developer requiring approval of plans by TRIGID or desiring plan checking shall pay to TRIGID a deposit reasonably calculated to cover TRIGID's

actual costs of providing this service, prior to plan checking or rechecking. The deposit shall be paid prior to performance of any work by TRIGID. Prior to final acceptance of the improvements an accounting of all costs including personnel time, fringe benefits, equipment, materials and overhead shall be made for the plan checking and inspection of the improvements. If the total cost is greater than the deposit, the applicant must pay the difference prior to acceptance and use of the improvements. If the total cost is less, a refund shall be given.

- 5.5 Relocation of Service Connection. An existing service connection may be relocated, if the new service is of like size and will provide a water supply to the same parcel of property, upon application and payment of an installation fee by the Customer.
- 5.6 Increase in Size of Service Connections. Enlargement of a service connection to the same property, requiring abandonment of the existing connection and installation of a complete replacement connection of increased size shall be treated as a new service connection and shall be charged accordingly. The fees to be paid by the Customer upon application for increase in size of service connection shall be the installation fee for the size of the larger service being installed and a connection charge which shall be determined by subtracting the connection charge for the size of service being abandoned from the connection charge for the size of service being installed, if any.
- 5.7 TRIGID Fire Hydrants Fire Fighting Use. There shall be no charges to governmental agencies for water available through TRIGID fire hydrants for use in fire suppression.
- 5.8 Private Use of TRIGID Fire Hydrants. Connections to TRIGID fire hydrants are prohibited unless a water service application is submitted to and approved by TRIGID. The applicant shall pay fees as specified in Article 4.6. Applicants for connections to fire hydrants shall designate the period of time and purposes for which water is to be used. TRIGID shall designate the fire hydrant that the applicant may use. Use of any other fire hydrant by the applicant other than the designated hydrant may result in an additional charge of one hundred dollars (\$100.00) for each occurrence, and removal of Customer's or TRIGID's equipment, if any. TRIGID may discontinue the supply and remove its equipment at the expiration of the period so designated or if the supply is used for any purpose other than designated by the applicant. The supply is subject to limitations as to rate of flow and time of use. TRIGID will install all equipment necessary for the connection, unless TRIGID approves other arrangements, and no water will be used until such equipment is installed. In the event that a connection is made to a fire hydrant without authority to do so, the user shall be required to pay an additional charge of One Hundred (\$100.00) for each day of use prior to issuance of the permit.
- 5.9 Public Agencies Exempted From Deposit Requirements. In lieu of cash deposits or sureties, purchase orders will be accepted from public agencies.
- 5.10 Discontinuance Charge. If service is discontinued for non-payment of water bills or other violations of these Rules, the Customer shall pay a turn-off charge according to the schedule below. Before service is restored, all accrued water charges must be paid, in addition to a turn-on charge in an amount equal to the charge for turn-off according to the schedule below. If a Customer has had twelve (12) consecutive months without being disconnected for non-payment of bills or other violations, the discontinuance charge shall revert to the first occurrence charge according to the schedule below.

<u>Occurrence Of</u> <u>Discontinuance Of Service</u>	<u>Turn Off And</u> <u>Turn On Charges</u>
First	\$ 50.00
Second	\$100.00
Third	\$200.00
Fourth and beyond	\$300.00

Should the Customer reactivate the service without the consent of TRIGID, an additional charge of five hundred dollars (\$500.00) will be made for each such occurrence. Service will be considered to have been disconnected

when an employee of TRIGID has been dispatched for that purpose. Termination of water service shall be in accordance with Article 11.

- 5.11 Fee for Turn-off at Main. Should it become necessary in order to enforce discontinuance of service. To shut off the service at the main, a charge equal to the cost of labor, equipment and materials will be made, but not less than \$250.00.
- 5.12 Delinquent Accounts. In addition to other provisions of these Rules, there will be a charge for late payment. If payment is not received before it becomes delinquent, a late penalty processing fee and a penalty on the outstanding balance will be charged in accordance with Article 7.3 and the service may be discontinued according to the procedure outlined in Article 11.
- 5.13 Unauthorized Use of Private Fire Service. When it is found that a private fire service is being used for purposes other than standby fire protection, TRIGID shall notify the Customer of the unauthorized use. Failure to discontinue unauthorized use will be cause for discontinuance of service. The Customer shall be charged for the water consumed through the unauthorized use, as TRIGID may deem appropriate, consistent with established rates, and in addition Customer shall pay a charge of one hundred dollars (\$100.00) per occurrence.
- 5.14 Damage to TRIGID Property. Persons causing damage to TRIGID property by any willful or negligent act shall be responsible for payment of all costs incurred. Customers or their contractors, agents and representatives causing damage to TRIGID property shall be strictly liable for payment of all costs caused by such damage.
- 5.15 Photocopy Charges. The charge for making photocopies on TRIGID copying equipment shall be \$.25 per copy.

ARTICLE 6. BASIS FOR BILLING

- 6.1 Monthly Billing. All services shall be billed on the basis of monthly rates specified in Article 4.1.
- 6.2 Meter Readings. Customers are responsible for payment of all water recorded as having passed through a meter regardless of whether the water was put to beneficial use.
- 6.3 Owner Responsibility. The Customer shall be ultimately responsible for payment of water bills and fees for its property in the case of nonpayment by a tenant or other occupant.

ARTICLE 7. TIME AND MANNER OF PAYMENT

- 7.1 Issuance of Bills. TRIGID shall read the water meters in the service area monthly, and as soon thereafter as practicable, issue a bill for each service in accordance with these Rules. TRIGID shall send out bills for water used and for which no payment has been received, and shall use the rates and charges established by these Rules to determine the amount.
- 7.2 Bills Due When Presented. Upon presentation, all bills shall be due and payable at the operating office of TRIGID or as specified in the bills.
- 7.3 Delinquent Accounts. Accounts not paid in accordance with Article 5.12 are delinquent and shall be charged a late fee of 1.5 percent per month of the outstanding balance plus a basic penalty fee of ten percent (10%) of the delinquent monthly billing.
- 7.4 Discontinuance of Service. TRIGID may discontinue service to a Customer having a delinquent bill as specified in Article 11.2.
- 7.5 Represents Lien on Property. Until paid, all rates and charges provided in these Rules which are delinquent constitute a perpetual lien on and against the property served and may be foreclosed upon as provided by law.

- 7.6 Proration of Service Charges; Minimum Bill. If any opening or closing bill is for a period shorter than the regular billing period, the base rate charge for service shall be reduced in the same proportion as the actual period of use is reduced from the regular billing period.
- 7.7 Failure to Receive a Bill. Failure to receive a bill does not relieve the Customer of the obligation to pay for services received.
- 7.8 Checks Not Honored by Bank. Checks presented in payment to TRIGID which are returned by a bank shall be treated as though no payment had been made and a fifty dollar (\$50.00) handling charge will be levied by TRIGID plus any additional charges of the bank. Payment in lieu of returned checks may be required to be by cash or equivalent. The Customer must reimburse TRIGID for any returned check fees charged by a bank to TRIGID.
- 7.9 Multiple Water Bills. For the purpose of computing charges, each meter will be considered separately, and readings of multiple meters will not be combined, except where a battery of smaller meters has been installed in lieu of a larger one for TRIGID's convenience. In such cases, charges will be computed as if the water used has been measured through a single meter.
- 7.10 Estimated Bills And Nonoperable Meters. If a meter cannot be read because of obstructions or other causes, an estimate shall be made of the quantity of water used, and a bill shall be issued for the estimated service. The next succeeding bill which is based upon actual meter readings will reflect the difference between prior estimates and actual consumption. If a meter is found to be nonoperable, consumption shall be estimated and billed, considering all pertinent factors.
- 7.11 Billing Adjustments. Where billing adjustments are processed for inaccurate meter recordings or other usage adjustments, if the meter has:
- A. under-recorded the usage of water, the adjustment shall be only for the period of the most recent six (6) months of usage.
 - B. over-recorded the usage, the adjustment in the form of a credit shall be made only for the period of the most recent six (6) months of usage.
- A Customer who, because of an adjustment to his bill, owes TRIGID money for service may pay that amount over a three (3) month period. TRIGID shall credit the Customer who was overcharged because of an inaccurate meter not later than thirty (30) days after the overcharge is determined.
- 7.12 Disputed Bills. In the case of a dispute between a Customer and TRIGID as to the correct amount of any bill rendered by TRIGID for water service furnished to the Customer, the Customer will deposit with TRIGID the amount claimed by TRIGID to be due. Failure on the part of the Customer to make such deposit within fifteen (15) days after written notice by TRIGID that such deposit be made or service may be discontinued, shall warrant TRIGID in discontinuing the service to the Customer without further notice. A billing dispute not resolved to the Customer's satisfaction is subject to the dispute resolution procedures as provided in Article 14.

ARTICLE 8. APPLICATION FOR SERVICE

- 8.1 Application. Each person applying for a new water service or changes in an existing service, will be required to sign appropriate application forms provided by TRIGID and to pay all required fees and charges. The application form shall include an agreement to abide by all TRIGID rules and regulations and shall require furnishing such information as TRIGID may reasonably require. Each applicant shall describe the type of development proposed for the property.
- 8.2 Existing Service Connection. Applicants for service through existing service connections shall nevertheless provide required information on application forms provided by TRIGID.

- 8.3 New Service. The applicant shall provide any and all information which will assist TRIGID in properly sizing and locating a service lateral and meter, including a description of the development, the use of water and plumbing plans of the private facilities, if required. Applications shall be accompanied by payment of the service connection installation fee, plus the connection charge, unless deferred.
- 8.4 Correct Information. In the event that an applicant provides incorrect information as to the size and location of a service connection or requests a change in the size or location after work has commenced, the applicant shall pay any costs incurred by reason of such corrections and changes.
- 8.5 Rejection of Application. Applications for service through existing or new service connections accompanied by all required fees and charges may nevertheless be rejected if:
- A. The account of the applicant or any other person (e.g., prior Customer, tenant, owner) at the same service location, or the applicant at another location, is delinquent.
 - B. The purpose of the applicant, in the opinion of TRIGID, is to circumvent discontinuance of service in another name because of nonpayment of water bills.
- 8.6 Service Outside Service Area Boundary. Only property within the service area boundary is eligible for water service from TRIGID. Property outside the service area must be annexed into the service area before application can be made for water service to the property. Applicant shall pay all costs associated with annexation of property into the service area. The Board may deny any annexation request, in its sole discretion, and the Board shall be expressly prohibited from annexing for retail service any property which is zoned for residential use without the consent and approval of Company and Tahoe-Reno Industrial Center, LLC. The Board may annex, in its sole discretion, any property for wholesale service, and any nonresidential property for retail service.

ARTICLE 9. SERVICE CONNECTIONS

- 9.1 Size and Water Supply. TRIGID reserves the right to determine the size of the service connection to be installed, giving consideration to the needs of the applicant and the capacity of the main to which the service is to be connected. No service connection shall be approved of a size larger than can be supplied by the main without adversely affecting service to other Customers. In the event an existing main is determined to be inadequate to meet the requirements of an applicant and a main extension will provide for those requirements, provisions of these Rules applying to main extensions will be followed. Whenever two mains are available from which service can be provided, TRIGID shall, at its option, determine the main to which the service connection will be made.
- 9.2 Location. Service connections shall be installed at right angles to a main and the point of connection shall not be within a street intersection. The curb stop or meter box location shall normally be within the off-site right-of-way or easement adjacent to existing or proposed curb line. In alleys or easements, curb-stops or meter boxes shall be located at a point as close as practicable to the property line near which the main is located. All curb-stops and meter boxes shall be located outside of driveways and other areas where access by TRIGID employees or representatives for operation and maintenance may be restricted.
- 9.3 Composition. A standard service connection shall be comprised of a service lateral from the point of connection to the main, to and including meter box or battery thereof. The meter box shall contain a meter riser with integral curb stop and check valve, and a meter.
- 9.4 Ownership. Service connections, including laterals, to and including curb stops, meter boxes, and other appurtenances, shall upon completion be and remain the property of TRIGID and TRIGID shall be responsible for the maintenance and repair of such facilities, subject to any agreements covering the installation of such

facilities. All pipe and fittings on the Customer's side of the curb stop and/or meter box shall be installed by and maintained by the Customer or Customer.

- 9.5 Private Fire Service. Private fire service shall be restricted to standby for emergency fire protection. TRIGID may require installation of an approved detector check valve.
- 9.6 Combined Service. Combined service shall be allowed only when so approved by TRIGID.
- 9.7 Temporary Service. TRIGID may authorize a temporary service connection when the applicant's property is not adjacent to a water main. As a condition to installation of temporary service, the applicant is required to provide assurance satisfactory to TRIGID of the prompt installation of the necessary main extension.
- 9.8 Emergency Service. Emergency service may be authorized for limited periods of time when the usual source of supply fails or is declared to be potentially harmful, or in other circumstances that endanger health or property. Connections may be provided, at the discretion of TRIGID, to any available outlet from TRIGID facilities.
- 9.9 Non-Standard Service. Non-standard service may be authorized when, in the opinion of TRIGID, a main extension will not be necessary for orderly development of the system, fire protection, service to other property or other reasons. Non-standard service laterals from curb stop of meter box to the Customer shall normally not be located within an off-site right-of-way. A copy of the recorded easement grant over private property for a service lateral shall be provided to TRIGID's satisfaction.
- 9.10 Separate Service To Each Separate Ownership. Each living unit or nonresidential service under separate ownership must be provided with a separate service connection, unless TRIGID approves a different connection. Two or more Customers under one ownership and on the same lot or parcel of land may be supplied through the same service connection; provided that for each Customer an additional monthly base rate will be applied to the single service serving said Customer, or a separate service connection may be provided for each building and each charged as a separate service. TRIGID reserves the right to limit the number of parcels or the area of land under one ownership to be supplied by one service connection. Not more than one service connection for domestic or commercial supply shall be installed for one building (other than multi-tenant buildings), except under special conditions. A service connection shall not be used to supply other property of a different owner or to supply property of the same owner across a street or alley. When property provided with a service connection is divided, each service connection shall be considered as belonging to the lot or parcel of land which it directly enters.
- 9.11 Installation Of TRIGID Facilities By A Developer. Subject to the provisions of applicable sections of these Rules, the following shall apply to the installation of all facilities by a developer which are to be owned and operated by TRIGID.
- A. The developer shall pay to TRIGID prior to the approval of any installation all applicable fees and charges.
 - B. Plans and specifications for the water system improvements to be constructed by the developer shall be prepared by a Nevada Professional Engineer retained by the developer and shall be approved by TRIGID and the Storey County Fire Department (or its designee) before construction is started.
 - C. All TRIGID water facilities shall be located within easements or rights-of-way. Water meter boxes shall be located outside of travel lanes and driveways and shall be protected from vehicular traffic, as determined by TRIGID.
 - D. TRIGID shall have inspected and approved the installation of the water service facilities before service is provided (other than water for construction purposes).

- E. Prior to installation, fire hydrants to be connected to a TRIGID main shall be approved by the fire department having jurisdiction.
- 9.12 Installation By TRIGID. Unless otherwise approved by TRIGID, service connections shall be installed by TRIGID. When warranted by circumstances, TRIGID may permit installation of the service connections by independent contractors. In such event, TRIGID specifications must be adhered to and tapping of a main will be permitted only in the presence of a representative of TRIGID.
- 9.13 Cross-Connections. No connections shall be permitted between TRIGID water supply system and; 1) any sewer or drainage system; 2) any steam, gas, or chemical line, pipe or conduit; 3) any device, boiler, tank or container whereby any contamination or pollution or any dangerous, impure, unsanitary, or unpotable substance may be introduced into any portion of TRIGID's water supply system by backflow, back-siphonage, or any other method; and 4) any premises where a water supply system other than TRIGID's exists, unless approved by TRIGID. Any connection where possibility of contamination or pollution exists shall be equipped with TRIGID- approved backflow prevention installation constructed, tested, and maintained by TRIGID at the Customer's expense. Any subsequent testing, inspection or maintenance shall be done at the Customer's expense. At the Customer's option, the device may be installed by a properly licensed contractor. The installation must be approved and inspected by a TRIGID representative.
- 9.14 Service Connection Restrictions. TRIGID reserves the right to prohibit connections to certain mains when, in its opinion, such connections may impair the integrity of such mains or when the location of such connection would not be conducive to orderly development and planning of the distribution system. In such conditions, consideration will be given to main extension or alternate means of supply.
- 9.15 Relief Valves. As a protection to the Customer's plumbing system, a suitable pressure relief valve must be installed and maintained by the Customer, at its expense, when check valves or other protective devices are used. The relief valve shall be installed between the check valves and any water heater.
- 9.16 Back Flow Device. Whenever back flow protection has been found necessary on a water supply line entering a Customer's premises, then any and all water supply lines from TRIGID's mains entering such premises, buildings or structures shall be protected by an approved back flow device, regardless of the use of the additional water supply lines. The double check valve or other approved back flow protection devices may be inspected and tested periodically for water tightness by TRIGID. The devices shall be serviced, overhauled, or replaced whenever they are found defective and all costs of repair and maintenance shall be borne by the Customer. The service of water to any premises may be immediately discontinued by TRIGID if any defect is found in the backflow prevention installation or other protective devices, or if it is found that dangerous unprotected cross-connections exist. Service will not be restored until such defects are corrected.

ARTICLE 10. MAIN EXTENSION

10.1 General Conditions.

- A. Construction Plans. A person proposing an extension to TRIGID distribution system to provide a water supply to a parcel of property shall submit four (4) prints (24" x 36") of detailed water plans. Such plans shall indicate the size and location (horizontal and vertical) of water mains and other facilities, including all service laterals and fire hydrants. In addition, water plans shall designate boundaries of the applicant's property which will be served by the proposed extension. Water system improvements shall be designed by a professional engineer licensed in Nevada.

TRIGID will review the water plan and return one (1) print to the applicant indicating any necessary revisions. The applicant shall prepare and submit to TRIGID three (3) copies of the water plan conforming with the revised print. Upon execution of the appropriate agreement by the applicant; payment of applicable charges, fees and deposits; approval of other appropriate governmental agencies, and a preconstruction conference with TRIGID, TRIGID will give the applicant permission

to start construction. No water related construction will be started before permission is granted by TRIGID.

- B. Time Limitation. Approval by TRIGID for any main extension shall be valid for a limited time as will any related commitment of existing capacity in a particular main. In the event that construction of the mains covered by any approved plan is not started within one (1) year from the date of approval, the project shall be deemed to have been abandoned, and any subsequent proposal for reactivation shall be treated as a new project. The same shall apply when active construction work within a property is commenced and then discontinued for a period of six (6) months.
- C. Compliance With Specifications. All main extensions, service connections, and appurtenances shall be constructed to conform with TRIGID specifications. Mains shall be sterilized to the satisfaction of TRIGID and activation of the mains for domestic use shall not be permitted until authorized by TRIGID. Connections to existing mains shall be made only in the presence of a representative of TRIGID and at times specified by TRIGID. Shutting down of mains for the purpose of making connections will not be permitted when wet taps are feasible. Mains will be shut down only with the specific approval of TRIGID.
- D. Guarantee. Materials and workmanship shall be guaranteed free of defect for a period of one (1) year from date of acceptance by TRIGID. Upon receipt of notice from TRIGID, the developer or Customer shall immediately cause any defect to be corrected, or shall reimburse TRIGID for the cost of correction.
- E. Rights-of-Way. Water mains and appurtenances shall be located within off-site rights-of-way or within easement grants to TRIGID not less than 20 feet in width or as TRIGID may specify. All rights-of-way or easements shall be recorded prior to release of approved plans.
- F. Minimum Size Of Main. The minimum size of any main to be constructed as a part of TRIGID's distribution system shall be six (6) inches in diameter; except in certain dead end locations where there are no fire hydrants and future extensions are not possible, TRIGID may allow mains four (4) inches in diameter.
- G. Fire Hydrants. Fire hydrant installations shall conform with design and location requirements of the governmental agency having jurisdiction.
- H. Commitment of Water Supply. Main extensions or other facilities constructed by persons for development of property shall not be considered as reserved for supply to those properties exclusively. Extensions of and connections to such mains for service to others shall be permitted when, in the opinion of TRIGID, such connections will not substantially affect supply to the original development or property.

10.2 Standard Main Extensions.

- A. General Conditions. Main extensions proposed for construction under provisions of this Article shall be subject to the general conditions as described in Article 10.1.
- B. Size Of Mains. Proposed water main extensions to serve developments, both on-site and off-site, shall be of sufficient size to adequately provide a water supply for the development. TRIGID reserves the right to establish sizes of all mains and appurtenances.
- C. Responsibility For Cost. The cost of all main extensions to be constructed under Article 10.2, including service laterals, fire hydrants, and other appurtenances, shall be borne by the developer or Customer.

- D. Agreement And Payment Of Fees. Prior to TRIGID's permission to start construction, the developer or Customer shall execute a standard form of agreement with TRIGID and submit payment of all required fees, construction water charges, and other fees and deposits as required by these Rules.
- E. Construction By Private Contractor or Developer. Design and preparation of construction drawings shall be done by competent registered professional engineer selected by the applicant. Construction work shall be performed by an experienced, properly licensed and competent person or firm selected by the applicant. In certain circumstances when, in the opinion of TRIGID, the extent of work to be performed is minor and can be accomplished efficiently and economically by TRIGID employees or representatives, TRIGID may elect to perform the work and the applicant shall deposit an amount equivalent to the estimated cost. Upon completion of construction, the differential between estimated and actual costs will be billed or refunded.
- F. Completion. Upon completion of the work, the applicant's engineer shall certify that the work was completed according to the plans and specifications, except in the case of work completed by TRIGID. Water service will not be activated until the engineer's certification is submitted to TRIGID and TRIGID accepts the construction.

10.3 Oversized Main Extensions.

- A. General Conditions. Main extensions proposed for construction under provisions of this Article shall be subject to the general conditions described in Article 10.1. When applicable, the provisions of this Article 10.3 shall govern over the provisions of Article 4.3.
- B. Applicability. For the purpose of this Article, an oversized main is described as a main larger than eight inches (8") and which, in addition to providing an adequate water supply to the proposed development, is required to be of a size which will be capable of meeting future demands for parcels other than Customer's on the distribution system and provide for orderly development of that system. TRIGID reserves the right to determine what constitutes an oversized main.
- C. Location of Mains. Oversized mains may be off-site (outside the boundaries of a development) or traverse the interior area or combination thereof.
- D. Identification of Mains. TRIGID shall indicate and identify on water plans submitted for a proposed development both the standard and oversized diameters of pipelines to be constructed.
- E. Approval by TRIGID Required. Proposals for oversizing of water mains shall be submitted to TRIGID for review and approval. Water plans, conforming with TRIGID's directive, shall then be approved and TRIGID shall enter into an agreement with the developer or Customer, providing for TRIGID's participation in construction costs as hereinafter set forth.
- F. Participation In Cost. Participation by TRIGID for the oversizing of a main extension shall be based on the difference in actual cost of pipe, fittings, and valves between the size required for the main extensions and the size required for oversizing, and shall not include trenching and backfilling. The cost difference shall be established by a certified price list from the supplier. Prices quoted on the list shall be the actual prices charged to the buyer. Hydrants installed by the developer on off-site lines shall not be considered as oversizing.
- G. Alternate Method Of Payment. TRIGID may, in lieu of a lump sum payment of TRIGID's portion of the construction costs, arrange with the developer or Customer for an alternate method of payment from future hook-ups for a period of ten (10) years.

ARTICLE 11. TERMINATION OF SERVICES

11.1 Customer Request for Termination of Service. A Customer may have service terminated by giving not less than five (5) business days advance notice thereof to TRIGID, and provide a mailing address to which the closing bill will be mailed. Charges for service may be required to be paid until the requested date of discontinuance or such later date as will provide not less than the required five (5) business days advance notice. When such notice is not given, the Customer will be required to pay for service until five (5) business days after TRIGID has knowledge that the Customer has vacated the premises or otherwise has terminated service. Failure to notify TRIGID of termination of service shall not relieve the Customer or property owner (if other than the Customer) of responsibility for payment of water bills.

11.2 Termination of Service by TRIGID.

A. For Nonpayment of Bills. A Customer's service may be discontinued for nonpayment of a bill for service furnished if the bill is delinquent, provided TRIGID has given the Customer at least five (5) days prior notice of its intention to discontinue service.

Premises to which charges have become delinquent may be disconnected from the water system. TRIGID shall charge the cost of disconnection of such premises and the cost of reconnection thereto, as provided in Article 5.2, plus the discontinuance charge in Article 5.11, before such premises are reconnected to the water system.

B. For Noncompliance With Rules. TRIGID may discontinue service to any Customer for violation of these Rules after it has given the Customer at least five (5) days written notice of such intention. Where safety of water supply is endangered, or other emergency circumstances exist, service may be discontinued or curtailed immediately without notice.

C. For Inter-Connections, Cross-Connections, or Illegal Connections. Where nonemergency inter-connection, cross-connection, or illegal connection on or from a Customer's premises occurs, TRIGID may discontinue service and/or make such corrections as may be indicated at Customer's expense, if such practices are not remedied within five (5) days after it has given the Customer written notice to such effect.

D. For Unsafe Apparatus or Where Service is Detrimental or Damaging to TRIGID or its Customers. If any unsafe or hazardous condition is found to exist on the Customer's premises, or if any apparatus or illegal or prohibited connections, equipment or otherwise, is found to be detrimental or damaging to TRIGID or its Customers, the service may be discontinued without notice. TRIGID will notify the Customer immediately of the reasons for the discontinuance and the corrective action to be taken by the Customer before service can be restored.

E. For Fraudulent Use of Services. When TRIGID has discovered that a Customer has obtained service by fraudulent means, or has altered the water service for unauthorized use, the service to that Customer may be discontinued without notice. TRIGID may not restore service to such Customer until that Customer has complied with all policies, rules and reasonable requirements of TRIGID and TRIGID has been reimbursed for the full amount of the service rendered and the actual cost that TRIGID incurred by reason of the fraudulent use.

11.3 Restoration Of Service.

A. To Be Made During Regular Working Hours. TRIGID will endeavor to make reconnections during regular working hours on the day of the request, if conditions permit; otherwise, reconnection will be made on the regular working day following the day the request is made.

B. To Be Made At Other Than Regular Working Hours. When a Customer has requested that the reconnection be made at other than regular working hours, TRIGID will reasonably endeavor to so make the reconnection if practicable under the circumstances, but will be under no obligation to do so, unless an emergency exists. Disconnections or reconnections requested by the Customer at other

than regular working hours may result in the requirement of payment of additional TRIGID costs in addition to the charges for disconnection and reconnection as outlined in Article 5.2.

11.4 Refusal To Serve.

- A. Conditions for Refusal. In addition to the provisions of Article 8.5, TRIGID may refuse an applicant for service under the following conditions:
1. If the applicant for service is not within the boundaries of TRIGID.
 2. If the intended use of the service is of such a nature that it will be detrimental or injurious to existing Customers.
 3. If the applicant fails to comply with these Rules or other rules as approved by the Board.
 4. If, in the judgment of TRIGID, the applicant's installation for utilizing the service is unsafe or hazardous or subject to freezing, or flooding, or of such nature that satisfactory service cannot be rendered.
 5. Where service has been discontinued for fraudulent use, TRIGID may elect not to serve an applicant until it has determined that all conditions of fraudulent use or practice have been corrected.
 6. If the applicant for service is for a residential use.
- B. Notification to Customers. When an applicant is refused service under the provisions of this Article, TRIGID will notify the applicant promptly, by procedures specified in Article 3.12, of the reason for the refusal to serve and of the right of the applicant to appeal TRIGID's decision to the Board. Whenever termination of water service will effect more than one Customer, TRIGID will make reasonable effort to give notice to all Customers.

ARTICLE 12. BACKFLOW AND CROSS CONNECTIONS REGULATIONS

12.1 General Policy.

- A. Purpose.
1. The purpose of this Article is to protect any potable water supply operated by TRIGID from the possibility of contamination or pollution by isolating within the Customer's internal distribution system or the Customer's private water system such contaminants or pollutants which could backflow into TRIGID's water systems; and
 2. To promote the elimination or control of existing cross-connections, actual or potential, between the Customer's potable water system and nonpotable water system, plumbing fixtures and industrial piping systems; and
 3. To provide for the maintenance of a continuing Cross Connection Control Program which will systematically and effectively prevent the contamination or pollution of all potable water systems within the jurisdiction of TRIGID.

This program shall also meet the requirements of the Safe Drinking Water Act Amendments of 1986 Public Law 99-339, Nevada Administrative Code Section 445.404, Uniform Plumbing Code Section 1003, all of the laboratory and field performance specifications of the Foundation for Cross-Connection Control and Hydraulic Research of the University of Southern California (hereinafter referred to as USCFC&HR), and the

American Water Works Association Manual M14 with AWWA C506-84 Standards for Reduced Pressure Principle and Double Check Valve Backflow Prevention Devices, including any existing or future amendments.

B. Responsibility.

1. TRIGID or designee, shall be responsible for the protection of TRIGID potable water system from contamination or pollution due to the backflow of contaminants or pollutants through the water service connection. If, in the judgment of TRIGID an approved backflow prevention assembly is required at the Customer's water service connection, or within the Customer's private water system, TRIGID or designated agent shall give notice in writing to said Customer to install such an approved assembly(s) at specific locations on the Customer's premises. Immediately upon receipt of the notice, the Customer shall install such assembly at the Customer's sole expense. Failure or refusal on the part of the Customer to make such installation and to have such assembly tested, maintained and in good working order, shall constitute grounds for discontinuing water service without notice to the premises until such requirements have been satisfactorily met.
2. TRIGID shall not be responsible for any loss or damage directly or indirectly, resulting from or caused by the improper or negligent installation, operation, use, repair, or maintenance of, or interfering with, any protective device required by this Article by any Customer or any other person.
3. Customers must share in the responsibility for the protection of the potable water system. Customers must maintain their water piping system so that pollutants do not backflow into TRIGID's water mains. It is also the Customer's responsibility to report any possible hazard that may affect TRIGID water mains. Reports should be made as soon as a hazard is detected to TRIGID's operating office.

12.2 Article 12 Definitions.

- A. Accountability. TRIGID is vested with the authority and responsibility of the implementation of an effective cross-connection control program and for the enforcement of the provisions of these Rules.
- B. Approved shall mean accepted by TRIGID as meeting an applicable specification stated or cited in this Article, or as suitable for the proposed use.
- C. Auxiliary Water Supply shall mean any water supply on or available to the premises other than TRIGID's water supply. These auxiliary water supplies may include water from another potable water supply or any natural source(s) such as a well, spring, river, stream, harbor, etc., or "used waters" or "industrial fluids". These waters may be contaminated or polluted or they may be objectionable and constitute an unacceptable water source over which the water purveyor does not have sanitary control.
- D. Backflow shall mean the reversal of the normal flow of water caused by either back-pressure or backsiphonage.
- E. Backpressure shall mean the flow of water or other liquids, mixtures or substances under pressure into the distribution pipes of a potable water supply system from any source or sources other than the intended source.
- F. Backsiphonage shall mean the flow of water or other liquids, mixtures or substances into the distribution pipes of a potable water supply from any source other than its intended source caused by the reduction of pressure in the potable water supply system.
- G. Backflow Preventer shall mean an assembly or means designed to prevent backflow. Any assembly used for the purpose of cross connection control shall meet the design and performance specifications

as determined by a laboratory and a field evaluation program resulting in an approval by a recognized and USCFC&HR approved testing agency for backflow prevention assemblies. Each device shall have properly located resilient seated test cocks for testing. Assemblies must be readily accessible for in-line testing and maintenance.

1. Air-Gap. The unobstructed vertical distance through the free atmosphere between the lowest opening from any pipe or faucet supplying water to a tank, plumbing, fixture, or other device and the flood level rim of said vessel. An approved air-gap shall be at least double the diameter of the supply pipe, measured vertically, above the overflow rim of the vessel, and in no case less than one inch.
 2. Reduced Pressure Principle Assembly. An assembly of two independently acting approved check valves together with a hydraulically operating, mechanically independent differential pressure relief valve located between the check valves and at the same time below the first check valve. These devices must be installed in a location where no part of the assembly will be below grade.
 3. Double Check Valve Assembly. An assembly of two independently operating approved check valves with resilient seated shut-off valves on each end of the check valves.
 4. Pressure Vacuum Breaker Assembly. This assembly shall include an approved internally loaded check valve and a loaded air opening to atmosphere on the discharge side of the check valve between two resilient seated shut-off valves. This assembly may only be used in irrigation systems that do not inject contaminants into the irrigation systems. Use will be limited to irrigation systems only.
- H. Contamination shall mean an impairment of the quality of the potable water by sewage, industrial fluids or waste liquids, compounds or other materials to a degree which created an actual or potential hazard to the public health through poisoning or through the spread of disease.
- I. Cross-Connection shall mean any physical connection or arrangement of piping or fixtures between two otherwise separate piping systems one of which contains potable water and the other non-potable water or industrial fluids of questionable safety, through which, or because of which, backflow may occur into the potable water system. This would include any temporary connections, such as swing connections, removable sections, four-way plug valves, spools, dummy section of pipe, swivel or changeover devices or sliding multiport tube.
- J. Cross-Connection Controlled shall mean connection between a potable water system and a non-potable water system with an approved backflow prevention assembly properly installed and maintained so that it will continuously afford the protection commensurate with the degree of hazard.
- K. Cross-Connection Control By Containment shall mean the installation of an approved backflow prevention assembly at the water service connection to any Customer's premises where it is physically and economically infeasible to find and permanently eliminate or control all actual or potential cross connections within the Customer's water system: or, it shall mean the installation of an approved backflow prevention assembly on the service line leading to and supplying a portion of a Customer's water system where there are actual or potential cross-connections which cannot be effectively eliminated or controlled at the point of the cross-connection.
- L. Hazard Degree Of. The term is derived from an evaluation of the potential risk to public health and the adverse effect of the hazard upon the potable water system.
1. Hazard-Health. Any condition, device, or practice in the water supply system and its operation which could create, or in the judgment of TRIGID, may create a danger to the health and well-being of any person.

2. Hazard-Plumbing. A plumbing type cross-connection in a Customer's potable water that has not been properly protected by an approved air-gap or approved backflow prevention assembly.
 3. Hazard Pollution. An actual or potential threat to the physical properties of the water system or to the potability of TRIGID potable system or the Customer's potable water system but which would constitute a nuisance or be aesthetically objectionable or could cause damage to the system or its appurtenances, but would not be dangerous to health.
 4. Hazard-System. An actual or potential threat of severe damage to the physical properties of the public potable water system or the Customer's potable water system or of a pollution or contamination which would have protracted affect on the quality of the potable water in the system.
- M. Industrial Fluids System shall mean any system containing a fluid or solution which may be chemically, biologically or otherwise contaminated or polluted in a form or concentration that could constitute a health system, pollution or plumbing hazard if introduced into an approved water supply. This may include, but not be limited to: polluted or contaminated waters; all types of process waters and "used waters" originating from the potable water system which may have deteriorated in sanitary quality, chemicals in fluid form; plating acids and alkalines, circulating cooling waters connected to an open cooling tower and/or cooling towers that are chemically or biologically treated or stabilized with toxic substances, contaminated natural water as from well, springs, streams, rivers, bays, harbors, seas, irrigation canals or systems. etc.; oils, gases, glycerine. paraffins. caustic and acid solutions and other liquid and gaseous fluids used in industrial or other purposes or for fire-fighting purposes.
- N. Pollution shall mean the presence of any foreign substance (organic, inorganic, or biological) in water which tends to degrade its quality so as to constitute a hazard or impair the usefulness or quality of the water to a degree which does not create an actual hazard to the public health but which does adversely and unreasonably affect such waters for domestic use.
- O. Water - Potable. Any water which according to recognized standards, is safe for human consumption.
- P. Water - Nonpotable. Water which is not safe for human consumption or which is of questionable potability.
- Q. Water - Service Connection. The terminal end of a service connection from the potable water system; (i.e., where the water purveyor loses sanitary control over the water at its point of delivery to the Customer's water system. If a meter is installed at the end of the service connection, then the service connection shall mean the downstream end of the meter. There should be no unprotected takeoffs from the service line ahead of any meter or any backflow prevention assembly located at the point of delivery to the Customer's water system. Service connection shall also include water service connection from a fire hydrant and all other temporary or emergency water service connections from the public potable water system.
- R. Water - Used. Any water supplied by a water purveyor from a potable water system to a Customer's water system after it has passed through the point of delivery and is not longer under the sanitary control of the water purveyor.

12.3. Requirements.

A. Water System.

1. The water system shall be considered as made up of two parts: The "TRIGID's System" and the "Customer's System".

2. TRIGID System shall consist of the source facilities and the distribution system, and shall include all those facilities of the water system under the complete control of TRIGID, up to the point where the Customer's System begins.
3. The source shall include all components of the facilities utilized in the production, treatment, storage, and delivery of water to the distribution system.
4. The distribution system shall include the network of conduits accepted by TRIGID for the delivery of water from the source to the Customer's System.
5. The Customer's System shall include those parts of the facilities beyond the termination of TRIGID's distribution System which are utilized in conveying TRIGID-delivered domestic water to points of use.

B. Policy.

1. No water service connection to any premises shall be installed or maintained by TRIGID unless the water supply is protected as required by state laws and regulations and this Article. Service of water to any premises shall be discontinued by TRIGID if a backflow prevention assembly has been removed, bypassed, or if an unprotected cross-connection exists on the premises. Service will not be restored until such conditions or defects are corrected.
2. The Customer's System shall be open for inspection at reasonable times to authorized representatives of TRIGID, to determine whether cross-connections or other or sanitary hazards exist. When such a hazard becomes known, TRIGID may deny or discontinue service to the premises by providing for a physical break in the service line, until the Customer has corrected the condition(s) in conformance with state law and local ordinances relating to plumbing and water supplies and any regulations adopted pursuant thereto.
3. An approved backflow preventer shall be installed on each service line to a Customer's System whenever the following conditions exist:
 - a. In the case of premises having an auxiliary water supply which is not acceptable as an additional source, TRIGID System shall be protected by installing an approved backflow preventer in the service line appropriate to the degree of hazard.
 - b. In the case of premises on which any industrial fluids or any other objectionable substance is handled in such a fashion as to create an actual or potential hazard to TRIGID System, TRIGID System shall be protected against backflow from the premises by installing an approved backflow preventer in the service line appropriate to the degree of hazard.
 - c. In the case of premises having: (1) internal cross-connection that cannot be permanently corrected or controlled; or (2) intricate plumbing and piping arrangements or where entry to all portions of the premises is not readily accessible for inspection purposes. making it impracticable or impossible to ascertain whether or not dangerous cross-connections exist, TRIGID System shall be protected by installing an approved backflow preventer in the service line.
 - d. Any Customer wishing to fill water trucks or other equipment shall fill out an application for service and that equipment may be inspected by an approved representative of TRIGID. An approved truck fill must be installed before filling from the potable water supply. Violation of this section shall result in a \$500.00 charge and disqualification from service.

C. Type of Backflow Preventer.

The type of backflow preventer required shall depend upon the degree of hazard which exists as follows:

1. Where there is an auxiliary system a minimum of a reduced pressure principle assembly will be required.
2. Where there is any pollution hazard, TRIGID System shall be protected with a minimum of an approved double check valve assembly.
3. Where there is any health hazard, TRIGID System shall be protected by an approved air gap or an approved reduced pressure principle assembly. Hospitals, sewage treatment plants and structures with chemical additives in fire sprinkler systems are examples of these type of premises.
4. Where access is denied or is impossible or impractical to make a cross-connection survey, TRIGID System shall be protected with an approved air gap or an approved reduced pressure principle assembly.

D. Approval Required.

Any backflow preventer required herein shall be of a model, size, and location approved by TRIGID.

1. It is desirable to locate the assembly immediately following the meter or service connection. A plan shall be submitted for review and the approval by TRIGID.
2. Approved assembly installations shall be protected against freezing.

E. Inspection.

The installed backflow prevention device shall be tested at least once a year. In those instances where the hazard is deemed great enough, testing may be required at more frequent intervals.

The Customer may have the device tested by: (1) a certified tester, approved by TRIGID; or (2) may elect to employ TRIGID to test, if TRIGID agrees to provide this service.

If the certified tester is used, he shall submit evidence of the test results in a format approved by TRIGID within ten (10) working days of the test date. In the event a device fails and cannot be repaired or replaced with an approved device, TRIGID shall be notified immediately.

If TRIGID conducts the test, the Customer will be charged a fee for the cost of testing. TRIGID will notify the Customer prior to testing the device and will send the Customer a copy of the results.

F. Schedule of Rates and Charges.

TRIGID will track the status of each device and notify the Customer when the device is due to be tested.

1. Initial tests for newly installed devices shall be conducted by TRIGID, during construction, at no charge.
2. If TRIGID tests the backflow prevention device, a fee of \$20.00 shall be charged when the device is tested.

G. Exclusions.

All presently installed backflow prevention assemblies which do not meet the requirements of this Article, but which were approved devices for the purposes described herein at the time of installation and which have been properly maintained, shall, except for the inspection and maintenance requirements, be excluded from the requirements of these Rules so long as TRIGID is satisfied that they will protect TRIGID System. Whenever such a device is moved, removed, or requires more than minimum maintenance, or when TRIGID finds that the maintenance constitutes a hazard to health, the unit shall be replaced by an approved backflow prevention assembly meeting the requirements of this Article. Any plumbing improvements requiring a building permit will require that these Rules be observed.

ARTICLE 13. SERVICE AREAS

- 13.1 Intention. The intent of these Rules is to establish rules, regulations and rates for water service supplied hereunder only to areas allowed by TRIGID's service territory for retail service and for wholesale service. No other areas shall be served by TRIGID. Otherwise, TRIGID shall establish the service area, based on its ability to serve and as provided by law and these Rules.
- 13.2 Wholesale Service. TRIGID may enter into an agreement with a person who is a regulated public utility company, a governmental entity authorized by law to provide retail water service, or an accommodator under NRS 704.030 to provide wholesale water service to said person, provided said person provides retail water service outside TRIGID's retail service area in a manner allowed by law.

ARTICLE 14. DISPUTES, RELIEF, APPEALS, REVIEWS

- 14.1 Relief on Application. When any person by reasons of special circumstances is of the opinion that any provision of these Rules is unjust, inequitable or improper as applied to his premises, he may make written application to the Board stating the special circumstances, citing the provision complained of, and requesting suspension or modification of that provision as applied to his premises. If such application be approved, the Board may suspend or modify the provision complained of, as applied to such premises, to be effective as of the date of the application and continuing during the period of the special circumstances.
- 14.2 Relief on Own Motion. The Board may, on its own motion, find that by reason of special circumstances any provision of these Rules should be suspended or modified as applied to a particular premises and may order such suspension or modification for any such premises during the period of such special circumstances, or any part thereof.
- 14.3 Review by the Board. These Rules shall be reviewed by the Board on a periodic basis to ensure that the provisions of these Rules are kept up to date, and that the charges and fees set out in Articles 4 and 5 are adequate to meet the costs of operating the water facilities and recovering the cost of Capital Outlays.
- 14.4 Adjustment of Complaints. The Board shall have the power of discretion in the interpretation and application of these Rules, including adjustments or rebate of charges, if in the Board's opinion, the intent of the Rules would not be accomplished and an injustice would result by their strict application.
- 14.5 Ruling Final. All rulings of the Board shall be final, unless appealed in writing as provided in this Article within thirty (30) days.
- 14.6 Billing Disputes. Any dispute regarding the payment of any bill, charge or fee demanded by TRIGID is subject to relief and review as provided in this Article 14.

- 14.7 Right To Arbitration. Any request for relief made pursuant to Article 14.1 or other dispute arising from these Rules shall be subject to arbitration, and be decided by arbitration in accordance with the Rules of the American Arbitration Association currently in effect, unless the parties mutually agree otherwise. Notice of demand for arbitration shall be filed in writing with the Board and with the American Arbitration Association.
- 14.8 Limitation on Claim. A demand for arbitration shall be barred unless made within thirty (30) days after the ruling of the Board, and in no event shall it be made after the date when institution of legal or equitable proceedings based on such claim would be barred by the applicable statute of limitations.
- 14.9 Claims And Timely Assertion Of Claims. A party who files a notice of demand for arbitration must assert in the demand all claims then known to that party on which arbitration is permitted to be demanded. When a party fails to include a claim through oversight, inadvertence or excusable neglect, or when a claim has not matured or been acquired subsequently, the arbitrator or arbitrators may permit amendment. Otherwise, all unasserted claims are barred.
- 14.10 Judgment On Final Award. The award rendered by the arbitrator or arbitrators shall be binding and final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

ARTICLE 15. WATER SERVICE AND WATER RESOURCES

- 15.1 Customer Provision Of Water Rights. All water rights necessary for water service to a Customer will be dedicated to TRIGID by Customer, and water rights will be allocated by TRIGID to each of Customer's uses based on the submittal of building plans in sufficient detail to show the water quantities needed, based on dedication amounts established by TRIGID. If actual annual use of water by a Customer as verified by metering exceeds the amount of water rights provided to TRIGID by Customer for water service, Customer shall after notice by TRIGID either dedicate to TRIGID the additional water rights to make up the shortfall, or reduce its water consumption during the next year so as not to exceed in actual usage the amount dedicated. TRIGID reserves the right to discontinue water service to a Customer who by actual usage exceeds the amount of water rights dedicated, if the Customer has in the previous year also exceeded by actual usage the amount of water rights dedicated and after notice by TRIGID has failed to either reduce its water consumption or to dedicate additional water rights to make up the shortfall. In the event Customer uses less water on an annual basis than has been dedicated for Customer's use, Customer shall not be entitled to a refund or rebate of water rights or money for the extra water rights not used by Customer. All water rights dedicated to TRIGID or purchased from TRIGID for any Customer's use shall be the sole asset of TRIGID and Customer shall have no interest therein nor right to any claim of value or use for the unused excess amount of water rights so dedicated.
- 15.2 Will Serve Commitment. Upon provision of adequate water rights to TRIGID's satisfaction, approval of Customer's plans and specifications, and compliance with these Rules, TRIGID will issue to Customer a written will serve commitment for each development use of Customer. Unless Customer is required to build and dedicate water system facilities in accordance with Article 4.3 or Article 10, TRIGID agrees to cause the construction, at its sole cost and expense, of well improvements, water tanks, water lines and other water facilities deemed necessary by TRIGID in order to provide water service to Customer. TRIGID agrees to deliver water to Customer for Customer's beneficial purposes. TRIGID shall provide for Customer's use on its designated property standard water service specifications of: (a) water quality treated in accordance with all applicable laws and requirements for domestic, commercial and industrial use; (b) a fire flow rate at the point of delivery of at least 3,000 gallons per minute with fire storage capacity of not less than 360,000 gallons; (c) annual water quantity not exceeding the amount provided by Customer pursuant to Article 15.1 above; and (d) for each acre served (excluding fire flow and fire demand) one gallon per minute in distribution supply at 40 psi, with 500 gallons per day of storage, with a peaking factor of 2. Water supply capacity requirements of a Customer exceeding these standard design specifications will require, in TRIGID's discretion, additional water system improvements to be made at Customer's sole cost and expense (and in addition to standard connection charges paid) pursuant to Article 4.3, Article 10 or another contractual arrangement satisfactory to TRIGID. Customer's shall be obligated: (a) to use the water only on Customer's parcel for beneficial purposes not exceeding the amount of Customer's water rights utilizing conservation measures (and re-use of effluent) as may

be required by TRIGID or the Nevada State Engineer; and (b) to use water conservation devices such as in-line aerators and flow restrictors, landscaping adapted to the desert environment, and best available water management practices. The use of any ground water or surface water (other than water provided by TRIGID) within the service area of TRIGID without TRIGID's consent is prohibited. In addition, no Customer shall without TRIGID's consent apply for, contract to use or own, or hold water rights subject to a permit issued by the Nevada State Engineer or a claim from the Orr Ditch Decree (U.S. vs. Orr Ditch Co., et. al, Equity Docket No. A-3, in the District Court of the United States in and for the District of Nevada), which permit or claim has a point of diversion or a place of use on any portion of the real property located in Storey County or Lyon County formerly known as the Asamera Ranch, or known as the Tahoe-Reno Industrial Center or in TRIGID's retail or wholesale service area.

- 15.3 Nonpotable Water. The parties acknowledge that water irrigation lines for use of untreated surface water or sanitary sewer effluent will be installed as part of TRIGID water system in certain areas of TRIGID's service area, and Customer shall be required to construct a separately metered water irrigation system for landscaping (and any other use for which nonpotable water can be used) which will allow the use of nonpotable water in those areas in which nonpotable water is made available by TRIGID or off-site nonpotable water facilities are installed for future Customer service. The parties intend that, if available and economically feasible, nonpotable water shall be used for all irrigation purposes (and other nonpotable water uses) possible in the service area, as determined by TRIGID in its sole discretion.

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