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The following Rules and Regulations are prescribed for the customers in the area served by Butler County Water System, Inc., (System). All other policies not specifically mentioned herein shall be as delineated in regulations administered by the Public Service Commission.

A. **SERVICE INFORMATION**

1. <u>Application for Service</u>. Each prospective customer desiring water service may be required to sign the System's standard Application for Water Service before service is supplied by the System. No service will be installed unless there is a main distribution line existing along the road from which service is requested. If service is desired on the same side of the road as the water main, the meter shall be installed within 5 feet of the water main. If service is desired on the opposite side of the road from the water main, the service line-will be run under the road and the meter installed on private property adjacent to, the highway right of way, provided the distance from the main line to the meter point is not more than 60 feet. If the distance is greater than 60 feet, the customer will be required to pay the cost of installing the pipe for the additional footage.

a. Residential

A tap-on fee as provided in the Schedule of Rates and Charges must be paid on all new connections to the existing water line.

b. Commercial

Rules and Regulations for commercial service, except as noted below, are the same as for residential service.

A commercial customer, or large quantity user, will be required to pay a tap-on fee determined by the size of metering equipment as provided in the Schedule of Rates and Charges. In addition to the connection fee, the customer shall pay the

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cost of installing all service line bores or open cuts which extend beyond 5 feet of the water main.

2. Standard Service (Standard Water Tap)

- a. Based on information provided by the customer, the standard service size for a water tap shall be established by the Water System. Each customer's meter shall be properly sized to measure all water usage of the customer as determined by the Water System. The meter installation cost to meet the standard service size for each customer shall be paid for by each customer at the Water System's established tap-on fee for the meter size required.
- b. Should a customer's rate of water flow and usage change such that the water meter will not accurately measure the water used, the customer shall be responsible for paying the Water System's established tap-on fee based on the meter size required to accurately measure the water used. The Water System will refund to the customer the salvage value of the original metering equipment that can be recovered and reused.
- c. Any existing or proposed service connection which has minimum and/or maximum flow rates that do not fall within the range defined below for a Standard Service shall be considered a Non-Standard Service. The range of flow rates for a Standard Service with a particular meter size shall be as follows:
 - 1. The customer's low flow rate shall be greater than the 95 percent accuracy point for low flow registration of the meter.
 - 2. The customer's sustained high flow rate shall be less than the maximum continuous rate specified for the meter and the customer's

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intermittent high flow rate shall be less than the maximum for the normal operating range of the meter.

The low and high flow rates described above for each water meter size shall be as stated by the manufacturer of meters used by the Water System.

- d. Any service connection that involves fire protection facilities is a Non-standard Service.
- e. No unmetered water connection to the Water System's water mains will be allowed. All fire line service connections shall be metered.

3. Non Standard Service

A customer shall make application for service and pay the actual cost of any special installation necessary to meet his peculiar requirements for service other than <u>standard</u> <u>water tap</u>.

4. <u>Discontinuance of Service by System</u>. The System may refuse to connect or may discontinue service for the violation of any of its Rules and Regulations, or for violation of any of the provisions of the Schedule of Rates and Charges, or of the application of customer or contract with customer. The System may discontinue service to customer for the theft of water or the appearance of water theft devices on the premises of customer. The discontinuance of service by the System for any causes as stated in this rule does not release customer from his obligation to the System for the payment of minimum bills as specified in a pplication of customer or contract with customer.

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- 5. <u>Termination of Contract by Customer</u>. Customers who have fulfilled their contract terms and wish to discontinue service must give at least three (3) days' written notice to that effect, unless contract specified otherwise. Notice to discontinue service prior to expiration of contract term will not relieve customer' from any minimum or guaranteed payment under any contract or rate.
- 6. <u>Interruption of Service</u>. The System will use reasonable diligence in supplying water service, but shall not be liable for breach of contract in the event of, or for loss, injury, or damage to persons or property resulting from interruptions in service, excessive or inadequate water pressure, or otherwise unsatisfactory service, whether or not caused by negligence.
- 7. Additional Load. The service connection supplied by the System for each customer has a definite capacity, and no addition to the equipment or load connected thereto will be allowed except by consent of the System. Failure to give notice of additions or changes in load, and to obtain the System's consent for same, shall render the customer liable for any damage to any of the System's lines or equipment caused by the additional or changed installation.
- 8. <u>Notice of Trouble.</u> Customer shall notify the System immediately should the service be unsatisfactory for any reason, or should there be any defects, trouble, or accidents affecting the supply of water. Such notices, if verbal, should be confirmed in writing.

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B. SPECIAL RULES OR REQUIREMENTS

- 1. <u>Scope.</u> This schedule of Rules and Regulations is a part of all contracts for receiving water service from the System, and applies to all service received from the System, whether the service is based upon contract, agreement, signed application, or otherwise. A copy of this schedule, together with a copy of the System's Schedule of Rates and Charges, shall be kept open to inspection at the office of the System.
- 2. <u>Revisions</u>. These Rules and Regulations may be revised, amended, supplemented, or otherwise changed from time to time without notice. Such changes, when effective, shall have the same force as the present Rules and Regulations.
- 3. <u>Conflict</u>. In case of conflict between any provisions of any rate schedule and the schedule of Rules and Regulations, the rate schedule shall apply.
- 4. <u>Damage to the System's Facilities</u>. No person shall maliciously, willfully, negligently break, damage, destroy, uncover, deface or tamper with any structure, appurtenance, or equipment which is a part of the System's water works. Any person violating this provision shall be subject to immediate arrest and discontinuation of water service.
- 5. Right of Access. The customer must agree to permit the System to lay, maintain, repair, or remove such water lines which are the property of the System located on the customer's property with the right of ingress and egress over customer's property. The System's duly authorized representative and other duly authorized employee of the State Health Department bearing proper credentials and identification shall be permitted to enter upon all properties for the purpose of inspection, observation, measurement, sampling, and testing, in accordance with the provisions of these Rules and Regulations.

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C. BILLINGS, METER READINGS AND RELATED INFORMATION

- 1. <u>Billing</u>. Bills will be rendered monthly and shall be paid within sixteen days from date of bill at the office of the System. Failure to receive bill will not release customer from payment obligations. Should bills not be paid as above, the System may at any time thereafter, upon five days written notice to customer, discontinue service. Bills paid on or before the final date of payment shall be payable at the net rates, but thereafter the gross rates shall apply as provided in the Schedule of Rates and Charges. Should the final date for payment of the bill at the net rates fall on a Sunday or holiday, the business day next following the final date will be held as a day of grace for delivery of payment.
- 2. Prorating First and Final Bills. When a customer begins or terminates water service on a date that results in the customer receiving less than one month of service and the usage during this period is less than the gallons included in the minimum bill for the meter size at that location, the minimum bill will be prorated based on the number of days the customer received service during that billing period.
- 3. <u>Metering for Billing</u>. Billing for each installed meter shall be based on the volume of water used through the meter.
- 4. <u>Dual Metering</u>. When two meters are required by the System to measure the high and low flows for one connection, the bill shall be based on the combined volume of water used through both meters with the minimum bill and bill computation based on the largest meter.

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- 5. <u>Classification of Water Service for Purposes of Determining Exemptions from Sales and Use Tax.</u>
 - a. Residential Classification
 - 1. Use as a dwelling unit constituting a separate independent housekeeping establishment which is separately metered and occupied by one or more persons as a single housekeeping unit shall be deemed residential use. The name in which an account is established or billed is a non-determining factor and the structure to which service is to be provided may be under construction, occupied or unoccupied.
 - 2. Agricultural use when provided through the same water meter utilized by the dwelling structure on the property shall be deemed residential use.
 - 3. Water meter service installed on property that is intended for future residential use, whether the customer's service line is connected initially or planned to be connected in the future, shall be deemed residential use.

b. Non-residential Classification:

- 1. Any use other than a residential use as defined in Section A including specifically, but not by way of limitation, industrial and business usage.
- 2. Mobile home parks served by a single meter.
- 3. Multiple dwelling units within one structure when all dwelling units are served by a single meter.

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Determination of Usage

The determination of usage as to whether residential or nonresidential is based upon the principal purpose for which the water service when it was initially installed or for which the structure is being or has been constructed until the System has been notified by the owner in writing that the purpose for which the water service was installed has changed

6. Usage from a Water Meter

c.

- No more than one residence, including mobile homes may connect to one meter. a.
- A residence and any agricultural usage (with the exception of usage by a tenant b. dwelling or rental dwelling) may be supplied from the same water meter. A tenant dwelling or rental dwelling is considered a separate residence and must be supplied from a separate water meter.
- Where multiple apartment buildings under separate roofs are built on the same lot, c. each building must have one water meter. However, at the discretion of the property owner, each apartment within a building may have separate water meters.
- d. Each commercial, industrial, or any other entity must have a separate water meter. Excluding residential and apartment complexes, where a commercial, industrial, or other entity involves more than one structure on a single lot, which will be operated as one entity under one entity name, such property can be served by one water meter.

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Should such property cease to be operated as one entity it will be required that separate water meters be paid for by the owner of each lot and the service line(s) from the meter(s) to the point of use be installed and paid for by the respective property owner(s).

- e. Where multiple residential, commercial, industrial or other such units are under one roof, one meter and service line is all that is required. If the property owner desires more than one meter, pays the appropriate tap-on fees, and complies with the System's rules and regulations pertaining to application for service, additional meters may be installed.
- f. Mobile home parks on a single parcel of land, approved by local agencies as a mobile home park, are considered one business and may be served by one meter.

7. Monitoring Usage

The System will monitor each customer's usage monthly in such a way to draw the utility's attention to unusual deviations in a customer's usage. If a customer's usage is unduly high (40% above average) and the deviation is not otherwise explained, the system will test the customer's meter to determine whether the meter shows an average error greater than two (2) percent fast or slow. Notifications to the customer regarding the system's investigation, meter test results and any resulting charge or credit will be in accordance with regulations of the Public Service Commission.

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D. DEPOSITS

The classifications for customer deposits are established as follows: 1) residential 2) small commercial and 3) all others. Deposit amounts as described below are listed in Section I, Rates and Charges.

The System will establish equal deposit amounts for residential and small commercial customer classes based on the average annual bill of customers in each respective class. Deposit amounts are equal to approximately 2/12 of the System's average annual water bill for each classification of customers and will be required before water service is supplied. The deposit may be waived for those customers who apply for and pay the tap-on fee based on the size of metering equipment at the location.

The System may require a deposit in addition to the initial deposit if the customer's classification changes or, as in the "All Others" classification, if there is a substantial difference in usage at the customer's location. If the deposit is calculated for a particular location it shall be set at approximately 2/12 of the annual water bill.

Service will be refused or discontinued for failure to pay the requested deposit. Interest as prescribed by KRS 278.460 or other applicable statutes, will be paid quarterly by credit to the customer's water bill on the last working day of each calendar quarter.

Upon termination of service, the deposit and any interest earned will be credited to the water bills owed to the System by the customer with any remainder refunded to the customer.

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E. SERVICE LINES AND CONNECTIONS

- 1. <u>Point of Delivery</u>. The point of delivery is the point where the meter is located on the customer's premises. All water lines, plumbing, and equipment beyond the meter shall be installed and maintained by the customer.
- 2. <u>Customer's Service Line</u>. All service lines beyond the metering point should be installed of material consisting of copper, galvanized, or PVC pipe with rating of not less than 160 psi. The size of service line beyond the point of delivery should not be less than 3/4", however, a larger size may be needed to provide adequate service. If the customer's point of use is at a higher elevation than the point of delivery, the customer should consult with a reputable engineering firm to size the service line from the point of delivery.

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F. FIRE PROTECTION

- 1. The System will install fire hydrants for the City and County fire departments, or others provided the Water System is reimbursed for the cost of installation and the System's engineers determine that at the location the fire hydrant is to be installed, a flow rate from the fire hydrant will meet the requirements of the Kentucky Public Service Commission ("PSC").
- 2. Fire hydrants installed prior to June 7, 1992, that do not meet the requirements set out in 807 KAR 5:066, Section 10,(B1), will be identified and the fire department advised in writing of the fire hydrant location.
- 3. While fire hydrants are provided as a service to the public within the System's service area, because of the potential for damage to the water system and unmetered use of water at fire hydrants installed directly on the System's water mains, these fire hydrants are only to be used and operated for fighting fire by the fire departments.
- 4. As a service to the public within its service area and for the protection of the public welfare, the System will furnish water to fight a fire from a fire hydrant connected directly to the System's water main at each fire location free of charge for a period not to exceed a total of 4 hours of usage as defined below in Section II. F. 8. In the event that more than 4 hours of usage occurs in fighting a fire, the owner of the property where the fire occurs shall pay for all of the water used in accordance with the System's standard water rate as in effect on the date of the fire and approved by the PSC.

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5. Fire hydrants shall not be used by any contractor, property owner, governmental agency, individual, corporation, or others to secure water for any purpose. The use of a fire hydrant by anyone other than properly authorized fire department personnel for fighting a fire shall be considered a 'theft of service" and prosecuted in accordance with the laws of the Commonwealth of Kentucky. The user shall pay the System a meter investigation charge as set forth in the Water System charges for special services as approved by the PSC, any damages to the System's property, and the full cost of the services fraudulently obtained along with all other applicable costs of the System allowed under the laws of the Commonwealth of

Kentucky.

6. The fire departments utilizing fire hydrants connected to the System's water main shall maintain a record of any water used, including the date, location, the time that the fire department began pumping water, the time that the fire department discontinued pumping water, the approximate rate(s) of flow, the length of any interruptions in pumping water, the cause of the fire, and property owner for whom the water was used and shall file a report with the System monthly. A non-reporting fire department shall be assessed a penalty of \$25 for each failure to submit a report in a timely manner. The record of the fire department in conjunction with the System's daily master meter readings and normal daily water usage for the service zone will be used in determining the amount of water used to fight a fire.

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- 7. The System does not guarantee a water supply including the supply to the Customer's fire protection system at any particular flow rate or pressure. The fire flow may vary depending on other water demands on the system, various water facility limitations, or other circumstances (including but not limited to power failure, water main/line breakage, etc.). The customer will indemnify and hold harmless the System and its employees from and against all claims, damages, losses, and expenses incurred as a result of insufficient water supply including supply to the customer's fire protection system or any failure of the detector check valve installation, metering equipment, and/or appurtenances.
- 8. For purposes of this Section II. F. Fire Protection," the following definitions shall apply:
 - a. A "fire" as used hereinabove shall include any conflagration on a publicly or privately owned property. Any re-ignition of a previously extinguished conflagration on the same property shall be considered a single fire and any fire resulting from the same cause shall be considered a single fire except that a fire on property owned by different persons or, entities shall be considered separate fires.
 - b. "Hours of usage" as used hereinabove is measured from the time the fire department begins pumping water at the scene of the fire until the fire department ceases pumping water to the fire. In the event the fire department ceases pumping water for a period of time but later continues pumping to the same fire, the "hours of usage" shall be tolled while no pumping occurs and continue to accumulate after pumping continues. Any partial hours of usage are rounded to the nearest hour.

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G. WATER MAIN EXTENSIONS AND FACILITY RELOCATIONS

1. Water Line Extension. An applicant desiring to extend the System's facilities to serve a proposed development or any other area will be required to pay the entire cost of the extension. If existing water system facilities are not adequate to supply the proposed extension, the entire cost to upgrade existing facilities as required to accommodate the proposed extension shall also be paid by the applicant. An agreement for facility extensions must be executed by the applicant, a copy of which is provided as Attachment B.

The extension agreement provides for reimbursement to the applicant who paid for the extension (therein called the Developer) in an amount equal to one-half of the tap-on fee for each meter connected directly to the subject extension. Since this reimbursement amount is approximately equal to the cost of 50 feet of water main, this refund method is established in lieu of the System extending the main 50 feet without charge for each meter connected.

Individual service applications connected to such an extension will be in accordance with the System's tariff.

2. <u>Relocation of Water Facilities</u>. The System may, at the request of customer, relocate or change existing System-owned equipment. Customer shall reimburse the System for such changes at actual cost including appropriate overhead.

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