

# ANIMAS WATER COMPANY

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## Rules and Regulations of the Animas Water Company

### I. Purpose and Scope

- **Purpose**- The purpose of these Rules and Regulations is to facilitate efficient quality control, administration, operation, distribution and maintenance of the Animas Water Company Water System ("Water System").
- **Scope** - These Rules and Regulations shall govern the operations of the Water System and shall be binding on all users of the Water System, their successors and assigns.
- **Intent of Construction** - It is intended that these Rules and Regulations be liberally construed to affect the purpose set forth herein. In the event of a conflict between these Rules and Regulations, and the Bylaws of the Company, the Bylaws shall control.

### II. Definitions

Unless the context specifically indicates otherwise, the meaning of terms used herein shall be as follows:

- **Board** – shall mean the Board of Directors, which is the governing body of the Animas Water Company.
- **Company** – shall mean Animas Water Company.
- **Member** – is any person, partnership, corporation or other entity deemed the Owner of the Property, supplied with water for domestic or commercial use by the Animas Water Company and has purchased a tap either by paying a Plant Investment Fee or by purchasing property with an existing tap.
- **Main Lines** – are the principal water lines (arteries) of the water system owned and operated by the water company to which service lines are connected.
- **Service Line** – is the pipe line extending from the water meter to the consumer's building or point of use, and is owned by the Member.
- **Meter Pit** – contains a meter and yoke. The contents of the meter pit are the property of Animas Water Company
- **Plant Investment Fee (P.I.F.)** – Plant investment fees, support infrastructure associated with new development and modification of current service.
- **Meter Installation Fee** – Meter installation charges for Animas Water Company employee labor, equipment and materials.
- **Residential Property** – is defined to be any property where there is a single family home, whether it is owner occupied or rented, and includes any property which does not fit the definition of commercial property. Residential property includes R1 and R2 service connections, as described on Appendix A.
- **Commercial Property** – is defined to be any property where buildings, trailers or sites are available for revenue purposes or a business of any nature is operated, but does not include single family residential property that may be used as a rental.
- **Monthly Billing Cycle** – The length of time from the beginning of the meter reading period to the end of the meter reading period on a monthly basis.
  - Water meters are usually read during the final week of each month.
  - Meter reading dates may vary on a monthly basis and therefore, there may be as few as 25 days or as great as 35 days in the Monthly Billing Cycle.

### **III. Water Tap / Meter Requirements**

#### **3.1 Applications for Membership/Water Service**

- All applications for Water Service and requests for the discontinuance of Water Service shall be presented, in writing by the applicant or authorized agent of the applicant, to the General Manager of Animas Water Company for review. A P.I.F., Meter Installation fee and an Administrative fee shall be submitted with the application. (See Appendix A)
- Approval of an application will be determined by the General Manager, who shall consider, among other factors, the needs of users who may already be members, whether the Company has an adequate supply of water and storage capacity to serve the applicant, whether service to the applicant would create hardship, inconvenience or expense to the Company, and the need for additional infrastructure. The Manager shall have authority to impose conditions upon the granting of any application or to deny the application.
- If a Water Service Application is approved, upon payment of the fees due, an account will be created and the monthly base rate fee will be determined by the size and type of tap purchased, and the number of units served.
- Taps are non-severable from the real property, for which the account is created, except in limited circumstances as may be approved by the Company in its discretion. Severances if granted are subject to conditions and charges assessed by the company. Water lines shall not be carried across property or lot lines for use outside the specific property serviced.

#### **3.2 Metering and Costs**

- All water will be metered except for firefighting flows through fire hydrants or building fire sprinkler systems. The base rate fee will be charged on a monthly basis once an account has been established, whether or not a tap has been installed, and whether or not there is any metered water use.
- Unless otherwise determined by the Board of Directors, each residence, qualifying group of residences, or business shall require a separate tap, and each such connection shall be metered and carry with it an obligation to pay the base rate and usage charges.
- In the event that the Company requires the installation of a larger tap and meter for a particular use, the Member shall be responsible for the plant investment fees, and meter installation charges for said tap and meter.
- The Company reserves the right to determine the classification of the property as commercial or residential and shall designate the size of meter required. If the Member refuses to purchase the meter required, the Company may refuse to approve the application and service the property.

#### **3.3 Meter Installation Charges**

- Meter installation charges shall cover the cost of the Company's employee labor, equipment and materials. In the event there is any additional construction, further charges may be assessed. Additional construction costs which may apply include, but are not limited to, the following:
  - Outside contractor services, road crossings, main line extensions, main line upgrades, easement acquisition, county road permits, extraordinary depth level excavation.

#### **3.4 Ownership and Maintenance**

- The water system including, but not limited to, wells, pumps, pumping stations, storage tanks, water mains, distribution lines, fire hydrants, meters, meter pits and all other infrastructure and facilities used in conjunction with the water system is owned and maintained by the

Company. The Company is responsible for the distribution of water for use within the area served, and for the maintenance, repair and replacement of all facilities owned by the Company.

- **Meter Pit access is limited to Animas Water Company personnel ONLY.** The meter pit and all improvements thereto shall remain closed at all times. No person shall uncover, make any connection with or opening to, use, alter, or disturb any water main, service line, meter pit, or other appurtenance owned by the Company. Any violation hereof shall be deemed a trespass and may subject a Member to fines and penalties, including a disconnection or suspension of service, and liability for damage to company structures, as well as criminal charges, if applicable.

### **3.5 Member Responsibilities**

#### **3.5.1 Inspection**

- A Member, by accepting water, agrees that the duly authorized agents of the Company bearing proper credentials and identification shall be permitted to enter the member's property during reasonable hours for the purpose of inspection, observation, measurement, sampling and testing, in accordance with the provisions of these Rules and Regulations.
- In the event the authorized agent is refused admittance to any premises, Animas Water Company's General Manager may cause the water to be shut off.

#### **3.5.2 Construction of Service Lines**

- Service lines shall be installed, maintained, and owned by the Member, and the Company assumes no responsibility for the inspection thereof. However, the Member shall comply with all local, state and federal health laws and applicable plumbing codes.
- All service line installations may be inspected and approved by the Company prior to Service connection. Thereafter, the Company reserves the right to inspect service lines at all reasonable times and to require corrections where necessary.

#### **3.5.3 Cross Connections**

- A cross connection is any actual or potential connection between the Company's water system and any other source of water through which it is possible to introduce into any part of the Company's system any chemical, biological or radiological contaminants or other substance not meeting drinking water requirements. By-pass arrangements, jumper connections, removable sections, swivel or changeover devices and other temporary or permanent devices through which or because of which "backflow" can or may occur are examples of cross connections. A backflow prevention device installed at every point of cross-connection prevents contaminated water from entering the Animas Water Company system. Cross connections are regulated by the Colorado Department of Health.
- No member may make, install, maintain, or permit any cross connection between Animas Water Company water lines and any other water lines without the installation of an approved backflow prevention device.
- A backflow prevention device must be installed at every potentially hazardous service connection to the Animas Water Company system to prevent contaminated water from entering the water system.
- Because different back flow prevention devices may be needed at different connections, the Manager must approve, in writing, the specifications for all back-flow prevention devices prior to installation. The Company may develop minimum standards for design and installation of back flow prevention devices, with which Members must fully comply.

- All new water service installations will be inspected for compliance with these requirements for backflow and cross-connection prevention. Any existing uncontrolled hazardous service cross connections identified by the Company shall be corrected within the time frame set by the company to comply with these requirements.
- Annually, Members must have all backflow prevention devices tested by a certified backflow prevention technician. Testing and maintenance records must be retained for three years. In specific instances where the Company deems the hazard to be great, inspections and tests at more frequent intervals may be required. The Company reserves the right to test or otherwise check the installation and operation of any backflow prevention assembly at any time.
- All costs for design, installation, maintenance, repair and testing are the responsibility of the Member.
- Failure to cooperate in the installation, maintenance, testing or inspection of backflow prevention assemblies required by the company shall be grounds for the discontinuance of water service to the premises.
- Service of water to any premises may be discontinued by the Company if unprotected cross connections exist on the premises. When any defect is found in an installed backflow prevention assembly or if backflow prevention assembly has been removed or bypassed, the service may be discontinued. Service shall not be restored until such conditions or defects are corrected.
- Discontinuance of service may be summary, immediate, and without written notice, whenever in the judgment of the Company, such action is necessary to protect the potable water supply or the distribution system.

#### **3.5.4 Member Owned Service Lines**

- The Company shall not be liable or responsible for service lines and facilities owned by the Member. Each Member shall be responsible for maintaining the entire length of the Member's service line. Leaks or breaks in the service line shall be repaired promptly by the Member.
- If the Company has knowledge of a line break or leak, it may, but is not obligated to, shut off the water supply to the said service line until properly repaired or replaced.
- If the Company has knowledge of a deteriorating service line, and/or there is a history of leaks at the same property, it may request the Member replace the water service system and may shut off the water supply to the said service line until properly repaired or replaced.

#### **3.5.5 Pressure Reducing Valves**

- Each Member shall install an adequately sized and properly located pressure reducing valve on the Member's system. The Company will not be liable for damage to plumbing caused by high, low or fluctuating water pressure or pressure pulses or the effects of water hammer.

### **IV. Billing**

#### **4.1 Monthly Water Bills**

- The Monthly billing statement will be mailed via the US Postal Service to the address on record. Monthly billing statements are rendered on regularly printed forms and issued in the name of the Company. It is the responsibility of the Member to ensure the proper mailing address is on file with the Company.
- Monthly bills will contain the previous monthly meter reading and the current monthly meter reading, the consumption amount, the amount of the bill with a breakdown of the Base Rate and Usage fees, Late Payment Penalties, the Member account number, the Total Balance

due, the current due date, any the past due amount and the current due date by which payment shall be received by the Company in order for the account to remain at a current status.

- Bills will be mailed by the 1<sup>st</sup> day of each month.
- The billing statement has a detachable stub located on the bottom of the form which is to be returned when payment is rendered. The top of the billing statement is to be retained by the Member for their records.
- Due to winter related issues, there may be certain months where monthly water bills may be estimated. If necessary, billing adjustments will be made the month following the resumption of actual meter reading.

#### **4.2 Payment for Water Use**

- All payments made by check and/or Money Order shall be made payable to Animas Water Company. The Company will not accept two party checks for payment of a bill. Should payment be made on an account that fails to clear due to insufficient funds, closure of account, no account or any other reason, a fee may be assessed and the Member will be required to pay future bills with a Money Order, Cashier's Check or with Cash only, until otherwise determined by the Company.
- Payments are due by the 25<sup>th</sup> of each month.
- Should a party other than the Member make a payment for the bill, the maker shall clearly identify payment as being for the owner or agent of record. In all cases, the Member is responsible for the timely payment for water use.

#### **4.3 Past Due Accounts**

- If full payment has not been received by the due date, the account will be considered past due.
- A late payment penalty in the amount of 10% will be assessed the next business day on the total amount due.
- Payment arrangements may be requested and must be approved by the General Manager of the Company. All arrangements must be made PRIOR to the scheduled disconnection date.
  - If a payment arrangement is approved, any late payment will be considered a termination of the arrangement and water service will be immediately disconnected.
- If payment has not been received by the 15<sup>th</sup> of the Month following the due date, either a telephone call to the member or a Past Due / Notice of Intent to Disconnect Water Service will be mailed via the US Postal Service.
- Payment must be received in the Company's office before the estimated disconnect date or the water service will be shut off.
  - Disconnects will generally occur during the last week of the month and will coincide with Meter Reading.
- Once water service has been disconnected, a payment must be made in the Company office located at 275 CR 252 during normal business hours.
  - The payment due must include all past due balances and penalties on the account as well as a \$50.00 reconnect fee, which will be assessed once service has been disconnected.
  - **All non-emergency calls to the emergency pager due to disconnection of water service because of non-payment of your water bill are not considered an emergency.**
- Reconnection of water service may take up to 24 business hours.
- The Company may take legal action as prescribed by law and the bylaws to recover delinquent accounts

- In addition to all other remedies available, and in accordance with the Bylaws, any delinquent assessment or charges to a member shall constitute a lien on the real property on which the tap is located, effective the due date of the assessment or charge. To evidence the lien, the Company may, but shall not be obligated to, prepare a written lien statement, setting forth the name of the Owner, the legal description of the property, the name of the Company, and the delinquent assessment or charge amounts then owing.
- If a Member is not satisfied with the decision made by the General Manager or AWC staff they may write a letter to the Board to review the decision or attend a Board meeting to discuss the issue.

#### **4.4 Water Charges for Leaks**

- The Company realizes that uncontrollable situations occur which may result in abnormal levels of water use for the Member.
- All metered water usage shall be considered billable and will be charged according to the Company's Fee Structure.
- Member may request the Company consider a billing adjustment if a leak occurs.
- All Billing Adjustment requests must be made prior to the due date which appears on the billing statement usage in question.
- Billing adjustments for leaks are limited to one adjustment, per property, every two (2) years there will be NO billing adjustments given for leaks within one (1) year of completion of construction.
- If a billing adjustment is allowed, the Company shall review the Member's water usage history and will determine an appropriate adjustment, in its discretion.

#### **4.5 Suspended Account**

- In the event a payment has not been made on an account in six (6) months by the Member, the Account will be deemed a suspended membership. Animas Water Company reserves the right to require payment made in full, of any past due amount including any penalties which may have been assessed. There may also be a fee to re-initiate the Account (see Additional Fees and Service Charges).

#### **4.6 Contesting Meter Reading**

- If a Member feels their meter is inaccurate, the Member may request an additional Meter Reading by a licensed water operator and will be charged a Meter Reading Request Fee. This fee is non-refundable unless it is determined that the meter reading was inaccurate.
- If a Member feels the meter reading is still inaccurate, the Member may submit a complaint in writing indicating the belief that the meter is inaccurate. A new meter will be installed and the meter removed will be tested using industry accepted standards. If the meter is found to be accurate in accordance with industry accepted standards, the Member will be required to pay all costs incurred by the Company in acquiring and installing the new meter and the testing of the old meter, including transportation, removal charges and time spent.

#### **4.7 Limitation of Water Service**

- The Company shall use reasonable diligence to provide a constant and uninterrupted supply of water. However, interruptions in service can happen for various reasons, including but not limited to a failure of the legal or physical water supply, drought, accident, fire or other acts of nature, an act of God, and curtailment due to a senior water rights call, administration by the Division of Water Resources or other governmental agencies, and other circumstances. The Company makes no representations or warranties that water will not be interrupted. The

Company shall be relieved from any liability for shortage of water or interruption provided it has discharged its responsibilities in good faith.

- In addition, the water service / supply may at any time be shut off from Animas Water Company supply or mains without notice due to emergencies or for the purpose of making repairs, extensions or other necessary work. Members who require a continuous supply of water are solely responsible for ensuring such continuous supply by taking necessary steps such as installation of a water storage facility on their premises.
- Members who have temporary water storage facilities shall abide by all cross connection rules and regulations set forth herein.

#### **4.8 Irrigation and Sprinkling**

- **Providing safe, potable drinking water is the primary purpose of the Animas Water Company system. Irrigation is a secondary purpose of the water system**
- Animas Water Company does not guarantee that there is a sufficient water supply for the purpose of irrigating and sprinkling.
- Animas Water Company reserves the right to make certain rules and regulations with reference to the use of water supplied for this purpose.
- Whenever there is a shortage of water, whether due to limitation of Company facilities, fire or other emergency, or limitation placed by the State of Colorado, or when, in the opinion of the Board, an emergency exists, the Board may regulate and curtail water usage.
- Notice of the imposition of such restriction may be by phone, or written notice delivered, mailed, faxed or e-mailed, to the members, or in the case of emergency by other means as determined by the Company, and shall be effective immediately until the members are notified otherwise. The Company may refuse to deliver water during the period of restriction to any member who fails to comply with the water restrictions. In addition, a fine or penalty may be imposed.

#### **Miscellaneous Provisions**

##### **A. Fire Hydrants**

- Individuals or groups may purchase fire hydrants to serve their area. The hydrants will be located on main lines and installed by the Company. All costs shall be paid by the individual or group requesting the fire hydrant. Such hydrants will be owned and maintained by the Company.
- Use of any fire hydrant that is part of the Water System for purposes other than fighting fire is strictly prohibited unless approved in writing by the Company.
- The installation or the presence of a fire hydrant on the Animas Water Company system does not imply there is sufficient water supply for fire protection purposes. The Company assumes no liability for lack of availability of water for that purpose.

##### **B. Line Extensions or New Development**

- Applicants must submit initial design and specifications for water line extensions and upgrades to the Company for pre-approval. The applicant will be responsible for the Company's costs of review and approval.
- All waterline extensions and / or line upgrade planning, easement, right-of-way and construction costs, shall be the responsibility of the Applicant.
- Each Line Extension/New Development will have a contract prepared by the Company and signed by all parties. Applicant will be responsible for the costs incurred for preparation of the contract.

- Each project will be planned and designed by a licensed Professional Engineer at Applicant's cost.
- A preliminary conference will be held to review the projects scope and impact on the Company's overall system. A stamped set of plans will be provided to the Company
- After execution of a contract, the Company must be provided adequate opportunity to inspect the work as it is performed. In the event that the Company has concerns after inspection, work will cease until the issue is resolved.
- Upon completion, the applicant will provide a full set of "as built" specifications to the Company.
- The Company will accept, own and maintain, the water line extensions and water main service facilities upon a finding that:
  - a. The line extension and upgrade has been constructed according to the approved plans and specifications;
  - b. Developer has paid for and discharged any and all obligations arising from construction of the line extension and upgrades;
  - c. Developer has submitted acceptable as-built drawings of the line extension and upgrades to AWC;
  - d. The line extension and upgrade meets all of the requirements set forth in the contract referenced above;
  - e. Developer has granted to AWC easements necessary for the location, construction; operation, repair, maintenance, reconstruction, change, alteration or improvement of the line extension and upgrades;
  - f. Developer has conveyed to AWC the line extension and upgrades free and clear of all liens and encumbrances;
  - g. Developer has paid the applicable attorney, engineering and inspection fees as provided in this Agreement;
  - h. Successful bacteriological disinfection of the extension or upgrade has been performed on water line extensions and water main service facilities;
  - i. Hydrostatic leakage and pressure tests have been performed on water line extensions and water main service facilities and meet or exceed construction parameters.

### **C. Enforcement**

- Any person violating any of the provisions of these Rules and Regulations shall be liable to the Company for any expense, loss or damage occasioned by reason of the violation.
- The Company shall be entitled to any legal or equitable relief available for violations of these Rules and Regulations, including damages, and injunctive relief to cease any continuing violations.
- The Member shall be responsible for any costs and attorney fees incurred by the Company in enforcing the terms and conditions of these Rules and Regulations, whether or not litigation is commenced.
- The Company may, in its discretion, discontinue water service to any Member violating these rules and regulations, until such violation is cured. Notice of discontinuance shall be given, and a reconnect fee shall be paid as set forth in herein.

### **D. Member Request for Information**

- Requests for information must comply with the Colorado Revised Statutes governing non-profit corporations. If a request for information is approved, the Member shall make an appointment with the Animas Water Company office, and the Member will be charged \$25.00 per hour for administrative time, and \$.10 per copy. If additional costs are incurred, those fees may be passed on to the member.

### **E. Amendments/Variances**

- The Company may amend these Rules and Regulations as it deems necessary to accomplish the purposes set forth in these Rules and Regulations and in the bylaws of the Company. The Company is not required to provide prior notice of amendments. Amendments to these Rules and Regulations may be accomplished by explicit modification or by the adoption of policies or decisions by the Board at its meetings, in which event such amendments shall be evidenced by reference to the adoption of policies or decisions in the minutes of board meetings. Amended Rules and Regulations will be posted permanently on the Company website, and a notification of the amendment will be circulated to the Members.
- The Company reserves the right to grant variances to these Rules and Regulations when in its judgment the variance would be good for the Water System, in the interest of fairness to the Member, or good business practice by the Company.
- In the event that enforcement of any provision of these Rules and Regulations is waived in a particular case, said waiver shall not be deemed a precedence for waiver in any future situation, and will apply only to the limited situation in which a variance or waiver was granted.
- In the event the Member is not satisfied with the decision made by the Manager, the Member may submit an appeal letter to the Board of Directors. The decision will be reviewed by the Board at the next scheduled Board of Directors meeting.

### **F. Water Rates/Miscellaneous Charges**

- The rates set forth on Appendices A and B attached are subject to change at any time.