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Upon motion made and seconded, it was unanimously RESOLVED by the Board of Commissioners of the Walden's Ridge Utility District of Hamilton County, Tennessee, that the said District hereby adopts the following:

RULES AND REGULATIONS OF
WALDEN'S RIDGE UTILITY DISTRICT
OF HAMILTON COUNTY, TENNESSEE

1. Governance of District. The District's business shall be operated under its by-laws, which may be modified only with the consent of the holder of its outstanding revenue bond, the U.S. Farmers Home Administration, and under these Rules and Regulations, which are subject to modification by a majority of the board of Commissioners at any monthly meeting. Copies of these Rules and Regulations shall be kept at all times in the District's Office subject to public inspection and shall be furnished to each member of the District's Board of Commissioners. In the future, whenever the Board of Commissioners shall adopt any changes in these Rules and Regulations, the Manager shall make such changes, by interlineation or otherwise, on the face of all copies, noting the effective date of each such change; and whenever the changes shall be too extensive the Manager is authorized to transmit the same to the District's attorney for recodification. The same procedure shall be followed in regard to the District's by-laws, except that modification shall first be forwarded to the District's attorney to obtain approval of the modification by the Farmers Home Administration.

2. Meetings and Complaints. (a) The Monthly meeting of the Board of Commissioners of the District will be held at 7:30 p.m. on the fourth Tuesday of the month, and prior to each such meeting, the Manager shall cause notices of the meeting to be posted in three public places or to be published in a newspaper of general distribution in the District's area. Additionally, notice of the time and place of regular monthly meetings shall be printed on all bills. All such meetings shall be open to the public.

(b) Any customer of the District or any other member of the public may present any complaints or problems to the Commissioners in such public meeting. The Commissioners reserve the authority, however, to require any such complaining persons to first present their complaints to the Manager or office personnel, in order that the Commissioners may be fully informed of the facts.

(c) The District's Manager and office personnel under his direction shall seek to adjust any and all complaints from customers or members of the public as to the availability of service, the quality of service, and the adjustment of bills, in accordance with the Rules and Regulations of this District and its past practices. In the event any such member of the public shall be dissatisfied with the disposition made by the Manager,

the Manager shall advise that the complaining customer or other person may appear before the next meeting of the Board of Commissioners, and when requested, the Manager shall list such complaint upon the agenda of the next meeting of the Board of Commissioners.

(d) At each meeting of the Board of Commissioners, the Manager or an employee designated by him shall assist the Board of Commissioners by assuring that a draft of proper Minutes of the meeting is prepared for approval by the Board at its next meeting, and such Minutes shall summarize all proceedings and shall show the names of all persons present, as required by T.C.A. Paragraph 8-44-101, et seq.

3. Tapping Privileges. (a) A tap or tapping privilege is the right to connect to the District's water lines for the purpose of purchasing water for use on an owner's tract of land. A single tap shall entitle a subscriber to subscribe for water service to one (1) and only one (1) residence or business. The ownership of a tap or the existence of a tap appurtenant to a particular tract of property shall not entitle the owner or other person to water service without meeting all other requisites for such service, including payment of such fees and charges as are set out in the District's schedule of rates and charges. The schedule of rates and charges is as set out in Paragraph 9 below.

(b) It is forbidden, as required by T.C.A. Paragraph 68-13-104, for any person to install or permit to exist upon his premises any cross-connection. A cross-connection is any physical connection whereby the public water supply is connected with any other water supply system, whether public or private, either inside or outside of any building or buildings in such a manner that a flow of water into the public water supply is possible, either through the manipulation of valves, or because of ineffective check or back pressure valves or because of any other arrangement. If a cross-connection is found, the customer shall be given time to correct it or service will be discontinued until such time that the customer shall provide proof that the cross-connection has been corrected.

4. Subscription Contract. (a) All owners of property applying for water service will sign a Subscription Contract thereby agreeing to the rate structure, Rules and Regulations of the District. Such owner shall remain responsible for the meter and appurtenances assigned to his property whether he continues as subscriber or leases or rents said property. Further, the owner shall be responsible for any monthly water bill of any renter or other non-owner whom he permits to occupy the property unless the owner shall first require such occupant to enter into his own Subscription Contract with the District.

(b) Any damage to meter, box or other appurtenances

shall be repaired or replaced at the expense of the subscriber.

(c) The District shall have free access to said meter at all times and any obstruction shall be removed at the cost of the subscriber. If obstruction is not removed within 30 days from date of notification by certified mail, the meter will be removed and a fee of \$50.00 will be charged for reconnection.

(d) It shall be the responsibility of the owner and not of the District to install, operate and maintain, without expense to the District, all water distribution facilities on his property, including service lines, fixtures, valves, pressure regulators and other devices.

(e) No service will be placed in the name of a renter until such renter has paid the required security deposit and submitted certain information required as to employment, permanent address, etc.

(f) The service purchased will be used only for the benefit of the designated residence and for no other property, persons or purposes and the water service shall not be moved to any other property.

(g) The District shall have the right to terminate service for any violation of the Subscriber Contract, and service shall not be resumed until such violation has been corrected to the satisfaction of the District after the payment of all required charges and fees including any reinstatement fee.

5. Denial of Service. (a) Service will be denied anyone who owes an outstanding bill from previous residence within the District, until such time as the unpaid bill is paid in full.

(b) Service will be denied to any person seeking service to a particular property on which there are no existing tapping privileges until a tapping fee has been paid including taps which have been repossessed by the District because of default in the Subscriber Contract.

6. Multiple Connections. (a) Each residence will require a separate meter unless it otherwise qualifies as an apartment complex or as a trailer park as set out in the Farmers Home Administration's Statement of Policies and Procedures concerning service to mobile homes and trailer parks, dated September 14, 1970, a copy of which shall be kept with these Rules and Regulations.

(b) The method of computation of the monthly water bills for mobile homes and trailer parks will be as set out in the said Farmers Homes Administration Statement of Policies and Procedures for providing service to mobile homes and trailer

parks.

7. Billings and Delinquencies. (a) When an unpaid balance is brought forward to the succeeding period's bill, such bill will be stamped "Final Notice" in bold letters. Ten days following the mailing of such final notice, such subscriber with unpaid delinquent bill will have service discontinued until all charges are paid or a suitable payment schedule negotiated.

(b) The following additional provisions shall apply to all customers and persons receiving water service through the District's lines, and compliance therewith shall be conditioned to the customer's entitlement to receive service:

(i) It shall be unlawful for anyone to use jumpers to acquire water and said jumpers will be confiscated and violators will be billed for whatever water used, as estimated by the District.

(ii) Customers will be responsible for any damages done to water meters during attempts to thaw them. Customers should contact the District if the meter is frozen.

(iii) If the customer turns off his water at the meter for any reason and damages the cut-off valve, the customer will be billed for the cost of labor and a new valve.

(iv) If the customer desires water to be shut off for any length of time, the District will remove and reinstall the meter at a charge of \$10.00.

(v) Customer must pay a new deposit for each new address and a new deposit receipt will be issued at the current rate.

(vi) All new water contracts shall have a specific address.

(vii) Where the customer has more than one dwelling tied on a service connection, the customer will be required to pay for the other dwellings that are tied onto their connection, whether the dwelling is occupied or not, until such time as the customer has a service connection installed for each dwelling.

(viii) If the customer's meter is pulled for non-payment and the District's employees lock out the meter yoke and the customer breaks the padlock, the District will disconnect the service line at the water main line. The customer must then pay for reconnecting to the water main, plus all delinquent amounts due, before service will be reinstated.

(ix) The customer is responsible for any water that registers on his meter, whether by leak or any other cause. In addition, the water customer is responsible for the repair and maintenance of his own water line from where connection is made at the line setter to dwelling or business. This provision cannot be waived due to statutory prohibitions against the District not charging for water while it has bonds outstanding.

(x) Walden's Ridge Utility District shall not be responsible for damage to customer's plumbing due to water mains bursting, for failure of pressure reducing devices, or any other causes beyond the District's control.

(xi) 3/4 inch copper service lines will run a maximum of 50 feet.

(xii) The location of all new meters shall be designated by water company personnel.

8. Extension of Service. (a) No new service taps shall be allowed on any line as to which the District's engineer may certify that, due to the limited size of the line and pressure conditions, new taps cannot be added under the maximum pressure regulations of the Tennessee Department of Public Health; such prohibition of new service taps shall continue until the District's engineer shall certify that the problem has been overcome. Areas in which new service taps are prohibited at the time of the initial promulgation of these Rules and Regulations are on the Timesville Road line below Angel Lane, on the "W" Road, and on North Fairmount beyond Walnut Street.

(b) All new mains shall be a minimum of six inches (6"), or larger if approved by District's engineer.

(c) Any customer desiring an extension of service to land abutting a public street beyond the limits of the District's mains must submit plans for the extension of the mains in accordance with the District's specifications and the requirements of the Tennessee Department of Public Health, must obtain approval from the District's engineer, must obtain all the necessary approval from the Department of Public Health as well as any approval that may be required from the County Health Department, must obtain the consent of the authority having jurisdiction over the right-of-way of such public roads, whether state, county, or city, for the District's use of such public right-of-way for the extension of its lines, must construct the same in accordance with such plans and specifications and subject to inspection during construction and written approval by the District's personnel, and must dedicate such lines to the District upon completion thereof.

(d) For the development of new subdivisions, the subdivider must furnish plans showing the location of all mains,

the same must be planned and constructed in accordance with the District's specifications, including the installation of fire hydrants, must install a service connection at each lot, must comply with all requirements of the Tennessee Department of Public Health as to advance submission of plans, post-construction submission of plans, testing, and otherwise, and all such construction must be subject to inspection during construction by the District's representatives. Upon completion, the system of mains and connections must be dedicated to the District and a subdivision contract providing for these requirements must be executed by the subdivider in advance of the commencement of construction.

(e) In view of the legal requirement that the District must own its system up to and including its meter, lots not fronting on public roads or private easements of way actually open may have access to the District's water system by a private line from each such residence connected to the District's meter situated on a public road, provided that the customer must file with the District proof of ownership of an easement from such residence to the meter site.

(f) In the event any tract of land shall have been subdivided so that it shall contain building lots not abutting on a public road where there is adequate size water line, such non-abutting lots shall be entitled to public water service from the District ONLY if the several landowners will grant to each other easements across all intervening lands between such landowner's lands and the publicly maintained road where there is an adequately sized water line, so that multiple water lines and multiple meters may be installed within such easement where the same joins the publicly maintained road.

9. Schedule of Rates and Charges. (a) The District's tapping fees, whose payment is required before connection of service to any lot, are TWO HUNDRED SEVENTY-FIVE DOLLARS (\$275.00) for residential, TWO HUNDRED FIFTY DOLLARS (\$250.00) for conversion of a residential 3/4" to 1" meter; and for commercial usage, such tapping fees are FOUR HUNDRED DOLLARS (\$400.00) for a 1" line, FIVE HUNDRED TWENTY-FIVE DOLLARS (\$525.00) for a 1-1/2" line and SIX HUNDRED SEVENTY-FIVE DOLLARS (\$675.00) for a 2" line.

(b) Meter deposits, refundable upon termination of service (subject to the District's right to deduct any monies owed to the District for unpaid service, damage to meters or other equipment, or otherwise) are THIRTY DOLLARS (\$30.00) for a 3/4" line meter, SEVENTY-FIVE DOLLARS (\$75.00) for a 1" meter, ONE

HUNDRED FIFTY DOLLARS (\$150.00) for a 1-1/2" meter, and TWO HUNDRED FIFTY DOLLARS (\$250.00) for a 2" meter.

(c) Residential water rates, for each two-month period, are

Minimum \$18.70 for 5000 gallons or less
Next 5000 gallons--\$1.95 pe thousand gallons
All water over 10,000 gallons--\$1.85 per thousand gallons

(d) Commercial water rates, payable every two months, are ONE DOLLAR AND 85/100 (\$1.85) per thousand gallons over the minimum amounts set out below:

1" line--\$40.70 for the first 19,000 gallons
1-1/2" line--\$71.50 for the first 42,000 gallons
2" line--\$117.50 for the first 77,000 gallons

(e) All minimum rates for water usage set out above shall be due and payable even if the customer uses no water unless the customer shall have his water service temporarily shut off as provided by Paragraph 7(b)(iv).

(f) The charge for relocating existing water meters at the customer's request shall be ONE HUNDRED TWENTY-FIVE DOLLARS (\$125.00) to relocate on the same side of the road and ONE HUNDRED SEVENTY-FIVE DOLLARS (\$175.00) to move across the road.

Adopted this 24th day of March, 1987.

D. J. Fultz, Pres.
PRESIDENT

R. D. Burt
SECRETARY

William K. Ford
TREASURER

AMENDMENT TO RULES AND REGULATIONS

Section 7, Paragraph B, Item vii should read as follows:

(vii) Where the customer has more than one dwelling tied on a service connection, the customer will be required to pay for the other dwellings that are tied onto their connection, whether the dwelling is occupied or not, until such time as the customer has a service connection installed for each dwelling, or until the customer notifies the district that the additional dwelling(s) has been removed from the premises.

Section 8 Paragraph A, Extension of Service, should read as follows:

8. Extension of service. (a) No new service taps shall be allowed on any line as to which the District's engineer may certify that, due to the limited size of the line and pressure conditions, new taps cannot be added under the maximum pressure regulations of the Tennessee Department of Public Health; such prohibition of new service taps shall continue until the District's engineer shall certify that the problem has been overcome. Areas in which new service taps are prohibited are on the "W" Road, and on North Fairmount beyond Walnut Street.

9/27/88

J. D. K. Pres.
President

Samuel F. V. Jr.
Treasurer

AMENDMENT TO RULES AND REGULATIONS

Section 8, paragraph D, should read as follows:

(d) For the development of new subdivisions, the subdivider must furnish plans showing the location of all mains, the same must be planned and constructed in accordance with the District's specifications, including the installation of fire hydrants, must install a service connection at each lot, must comply with all requirements of the Tennessee Department of Public Health as to advance submission of plans, post-construction submission of plans, testing, and otherwise, and all such construction must be subject to inspection during construction by the District's representatives. If other utilities are constructed underground, such as gas, phone, cable, and or power, they must be separated by a distance not less than (5) five feet. Upon completion, the system of mains and connections must be dedicated to the District and a subdivision contract providing for these requirements must be executed by the subdivider in advance of the commencement of construction.

from the District's mains *at*
F.B.

Date: 3-26-91

[Signature]
President

Fred A. Anderson
Secretary

Kenneth B. Bennett
Treasurer

SECTION 7 (XIII)

AMENDMENT TO RULES AND REGULATIONS
OF WALDEN RIDGE UTILITY DISTRICT

No individual or organization, whether private or public, shall obtain water from the District's fire hydrants without prior written approval from the Board of Commissioners or manager. Any individual or organization, public or private, obtaining water without prior written consent, shall incur a penalty of not less than \$100.00 per occurrence. Letter of approval must be on file in the District's office, and a copy shall be on hand at all times while the individual or organization is obtaining water from the District's hydrants. After written approval has been granted by the District, then the individual or organization, public or private, shall notify the District, in writing, prior to obtaining water from any hydrant and immediately after usage is completed, they shall notify the District, in writing, as to the amount of water obtained, and be signed by the person or persons in charge.

Approved by:

Date:

4/28/87

D. J. Furtz, Pres.
Gordon K. Ward, Treas.

WALDEN'S RIDGE UTILITY DISTRICT
2412 TAFT HIGHWAY
SIGNAL MOUNTAIN, TN 37377
615/886-2683

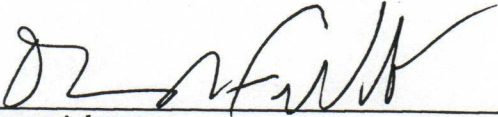
AMENDMENTS TO RULES AND REGULATIONS

When any check, draft, or order is not paid by the drawee because the maker or drawer did not have and account, or account with sufficient funds on deposit with the financial institution, or the draft, check or order has an incorrect or insufficient signature thereon, the payee of such check, draft, or order will be charged \$12.00 in addition to any current billing charges along with any service charge that may have been applied under the current Rules & Regulations of the District.

Further, if a customer has (3) three violations, of the aforesaid rule within a (12) twelve month period, check, draft or order for payment of billings and/or any other services provided by the District, will no longer be accepted.

The customer which is in violation of these rules will be required to pay cash for any future billings and/or services.

10-27-92
Date


President

Fred Anderson, Sec.
Secretary

WALDENS RIDGE UTILITY DISTRICT
AMENDMENTS TO RULES AND REGULATIONS

No pump shall be connected to any fire hydrant which shows a flow of less than 500 gpm. Fire hydrants will be identified with one of four color codes as follows:

- Black - Hydrant not usable, shut off for repairs.
- Red - Pumper not to be connected as flow is less than or equal to 500 gpm.
- Orange - Pumper may be used as hydrant test shows a flow of 500-1000 gpm.
- Green - Pumper may be used as hydrant test shows a flow of 1000+ gpm.

These regulations are not intended to prohibit the Fire Department from using the free flowing water available at the hydrant.

However, the fire pump itself must not be directly connected to any hydrant that has a flow of less than 500 gpm and a residual pressure of 20 psi.

11-28-89
Date

D. J. Fulk, Pres.
President

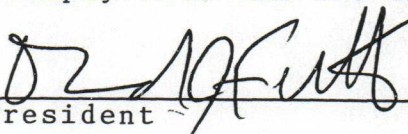
Paul A. Anderson, Secs
Secretary

WALDEN'S RIDGE UTILITY DISTRICT
2412 TAFT HIGHWAY
SIGNAL MOUNTAIN, TN 37377
615/886-2683

AMENDMENT TO RULES AND REGULATIONS

Where land is developed or sub-divided within the District's boundaries, but within the jurisdiction of another government entity having jurisdiction over all services other than water, and Walden's Ridge Utility District's rules and regulations are in conflict with that entities ordinance, policies or rules and regulations, the developer will comply with the one that is more stringent.

Date: 11-26-91


President

Fred R Anderson
Secretary

Bernard Bourard
Treasurer

WALDEN'S RIDGE UTILITY DISTRICT
AMENDMENT TO RULES AND REGULATIONS
POLICY ON DEPOSITS FOR OUT OF TOWN CUSTOMERS

For a person or persons desiring water service with Walden's Ridge Utility District and presently not a customer of the District, service will be connected under the following conditions:

1. The party or parties make it known to the District's office by phone or in writing that they desire service where an existing water service is located.

2. The District receives a check or money order in the amount of the current deposit rate as set by the Board of Commissioners before the date service is to be started.

3. The District is given the date of intended arrival.

4. If the party and/or parties have not come to the District's office and signed the District's contract documents within seven (7) days after the intended arrival date given, service will be discontinued until the contract has been executed.

5. In the event that a Realtor calls the District to have service started for a client where a water service is currently located, service will be started under the following conditions:

a. The Realtor may use its floating deposit (so long as they have a floating deposit and said deposit is not in use at another location) to have service continued or started until the client can come to the District's office to sign the contracts for water service in person.

b. If the Realtor has power of attorney from their client they may apply for water and execute the contract documents and pay the current deposit rate (set by the Board of Commissioners of Walden's Ridge Utility District) for their client.

c. The Realtor or third party may call and request water service be started or continued for another individual so long as (the correct deposit) remitted by check or money order prior to the initiation of service by the District.

d. In any case, the District will not deposit the check or money order until the District's contract has been executed.

6. If the above conditions are complied with and District employees install the meter and turn on water to the location applied for and the meter fails to stop running, District employees will turn the meter off. The office personnel will make reasonable effort to contact the party or parties that have applied for service and inform them that the meter continued to run and the water was turned off.

7. If contact cannot be made and the regular work shift comes to an end, the meter will remain off until the next regularly scheduled work shift. The party or parties may turn on the meter.

If any damage is done to the angle valve, they will be required to pay for the valves replacement which includes the cost of materials and labor plus 20%.

The customer agrees in accepting water under this policy that IN NO EVENT shall the District be liable for damages, actual or consequential, as a result of its furnishing water to an absentee customer as provided herein.

APPROVED BY:

President

Hughes M. Binkley

Secretary

Date

9/27/94

Date

John L. Monticelli

Treasurer

9/27/94

Date

WALDEN'S RIDGE UTILITY DISTRICT
POLICY REGARDING BILL ADJUSTMENT FOR UNDERGROUND LEAKS
BETWEEN METER AND CUSTOMERS DWELLING

The intent of this policy is to adjust for underground leaks between the meter and the house foundation. Therefore, it shall not apply to any leaks inside the foundation of the home including but not limited to leaking faucets, commodes, water heaters or pipes inside the house. This policy applies only to domestic account.

The District will consider an adjustment if the customers current bill is greater than 150% of the average bill during the last year and the customer can verify to the satisfaction of the District there was a leak in his plumbing system between the meter and the house.

In order to verify the leak, the customer must furnish to the District a receipt from a plumbing contractor stating the leak has been found and repaired with the nature and location of the leak; or the customer must provide a similar letter to the District's satisfaction, that the customer has repaired the leak along with receipts for plumbing materials used. The District will then adjust the customers bill as follows:

1. The customer's normal water usage will be determined by taking an average of the water used for the prior 6 (six) billing periods or the comparable seasonal bill for the prior year, whichever is higher, and consider this quantity to be the customers normal usage.

2. The quantity in (1) above will be subtracted from the quantity of water used in the billing period of above average usage. The resultant will be considered the excess of usage caused by the leak.

3. The customer's bill will be adjusted to reflect the normal usage determined in step 1, plus one-half the excess usage as determined in step 2.

Adjustments for underground leaks will be limited to one (1) per customer per two (2) years.

GENERAL INFORMATION OF DETECTING PLUMBING SYSTEM LEAKS

The customer can check for commode leaks by putting food coloring in the commode tank. Before flushing, if the water in the bowl remains clear the commode is not leaking. Caution should be taken in that commodes can have intermittent leaks when the valve or the plunger will close sometimes but stick at other times allowing occasional leakage.

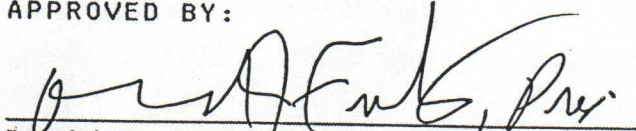
The customer can check for leaks in his plumbing by seeing that no water is being used inside the house and observe movement of his meter. With older style meters, movement of the dials indicates water passing through. The newer meters have a leak detector. It is a three sided red star shaped object on the face of the meter dial. It is very sensitive to water passing through the meter. Therefore, even small leaks are indicated by its movement.

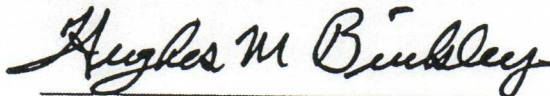
The District is replacing old style meters with the leak detector models as time permits so that every customer will have this feature.

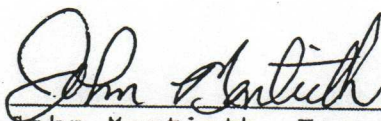
EFFECTIVE

5/24/94

APPROVED BY:


David J. Fulton, President


Hughes Binkley, Secretary


John Montieth, Treasurer