

AMENDED AND RESTATED RULES AND REGULATIONS

CONCERNING CONNECTIONS TO, EXTENSIONS OF

AND USE OF THE WATER SYSTEM

OF THE MOUNT JOY BOROUGH AUTHORITY

EFFECTIVE AS OF MAY 1, 2012

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ARTICLE I.

DEFINITIONS

The following definitions are applicable throughout these Rules and Regulations:

Act: The Municipality Authorities Act, 53 Pa.C.S. Ch. 56 as amended from time to time.

Additional Space means any renovations, structural alterations to or construction of an Improved Property which increases the number of square feet available for use in such Improved Property or which increases the number of EDU's of water used by such Improved Property.

Authority means Mount Joy Borough Authority.

Authority Engineer means an engineer or firm of engineers retained by the Authority, including any authorized member of the staff of such engineer.

Commercial Establishment: Any enterprise using the Public Water System, including a School, and not included in the terms "Dwelling Unit" or "Industrial Establishment.

Connection means the jointure or the process of making the jointure of the Service Line with the Authority's main.

Connection Fee means a single charge levied against the property owner for each physical or actual connection of a Service Line to the Water System which such fee is related to the actual cost of making such connection.

Customer means each separate family and/or business which, to a major degree, is a separate entity shall each be a "customer". "Customer", as used herein, shall be the party contracting for a supply of water to a property.

Customer's Water System means all facilities beyond the Service Connection.

DEP means the Department of Environmental Protection of the Commonwealth of Pennsylvania.

Developer means the Owner of real property which is located within the geographic area served by the Authority and who extends or extended the Authority's water lines to permit the construction of new buildings.

Dwelling Unit means a Premises intended to be occupied as a home by a single family and having separate kitchen and toilet facilities. In apartment houses and multiple family residences, each apartment or unit therein shall be considered a Dwelling Unit and will be separately charged in accordance with the rates hereinafter set forth.

Equivalent Dwelling Unit ("EDU") means one equivalent Dwelling Unit and shall be equal to 170 gallons of water per day, which gallons of water per day figure may be adjusted and

reset from time to time by the Authority Board by action at a public meeting. Each Dwelling Unit shall be treated as an EDU.

Improved Property or Premises means any property upon which there is erected any structure intended for continuous or periodic habitation, occupancy or use by human beings or animals.

Industrial Establishment: Any Premises used for manufacturing, fabricating, processing and assembling any product, commodity or article.

Mixed-Use Connection: Any Connection where a single Service Line and meter provides water to at least one Dwelling Unit as well as at least one Commercial Establishment.

Municipalities: The Borough of Mount Joy and the Townships of East Donegal, Mount Joy and Rapho and any other political subdivisions which may from time to time enter into any water service agreement with the Authority, and "Municipality" shall mean any of the Municipalities.

Municipal Service Provider: A non-profit organization registered as such with the Commonwealth of Pennsylvania (proof of which shall be provided) which meets all of the following criteria:

- A. may be classified as a "volunteer" agency and/or utilizes volunteers to accomplish its primary mission;
- B. provides services to each Municipality in the Service Area; and
- C. receives local government funding from Mount Joy Borough and at least two of the other Municipalities.

Owner means any Person vested with ownership, legal or equitable, sole or partial, of any property situated in the service area of the Authority.

PennDOT means Pennsylvania Department of Transportation.

Person means any individual, partnership, company, association, corporation or other group.

Rate Schedule or Schedule of Rates and Charges means those schedules of rates and charges for water service referred to in Section 37.

School: Means any premises used as a school.

Service Area: Means that geographic area served by the Authority within the boundaries of the Municipalities.

Service Connection: That part of the Public Water System extending from the corporation on the Authority's water main (i) to a point up to five (5) feet behind the curb line or

(ii) if there shall be no curb line, to a point up to five (5) feet beyond the edge of the Street abutting the property affected or, (iii) if no curb or Street, to the edge of the right-of-way. The Curb Stop shall be maintained by the Authority no matter where it is located. The curb box is not a part of the Service Connection and shall be owned and maintained by the Owner of the Improved Property.

Service Line means that part of the water service pipe extending from the Service Connection to its connection with the water meter, whether inside or outside the building wall or foundation wall.

Street means a public way, including without limitation any highway, street, road, lane, court, public square, alley or other passageway.

Tapping Fee means a charge levied against the Owner of each Improved Property connecting to the Water System computed on an Equivalent Dwelling Unit ("EDU") basis which is authorized by the Act, as amended from time to time.

Technical Specifications means the "Technical Specifications For Construction Of Water Mains And Appurtenances To Be Connected To The Public Water System" as adopted from time to time by the Authority. The Technical Specifications are part of the Authority's Rules and Regulations and are incorporated herein by reference.

Public Water System means all components of the facilities utilized in the production, treatment, storage, and delivery of water up to the point where the Customer's Water System begins.

Water System means the Customer's Water System and the Public Water System.

ARTICLE II.

ADMINISTRATIVE RULES AND REGULATIONS

SECTION 1: Effective Date

These Rules and Regulations hereunder shall become effective at once and shall be applicable to all properties now connected to, or as soon as they respectively become connected to and have the right to use, the Public Water System. All rules, regulations and resolutions of the Authority inconsistent herewith are hereby repealed; provided, however, that all rights accrued and moneys due the Authority under any such rules, regulations, and resolutions are hereby preserved to the Authority. The Authority reserves the right to amend these Rules and Regulations or to change the rates or charges in such manner and at such times as, in its opinion, may be advisable.

SECTION 2: Application And Procedure For Obtaining Service Connection

A. Application. Any Owner desiring to connect his or her Improved Property to the Public Water System must first make a written application on the form furnished by the Authority, at least one (1) week before service is required, stating the street and lot number or location, the name of the Owner and tenant (if any), the purpose for which service will be used, and the exact time when the excavation for and installation of the Service Line from the Improved Property to the Service Connection will be ready. The Authority may either tap the main and install the corporation and Service Connection at Owner's expense or require the Owner or the Developer to hire a contractor to perform this work consistent with the Authority's specifications, at the Owner's expense. The application must be signed by the owner of the Premises or his duly authorized agent and shall, together with the Rules and Regulations of the Authority, regulate and control the service of water to such Premises.

B. Connection Fee. There is hereby imposed and fixed upon the Owner of each Improved Property making a Connection to the Public Water System a Connection Fee in an amount equal to the actual costs incurred by the Authority in respect of each Connection to the Public Water System.

Where the Authority constructs and installs all or any portion of the Service Line or taps the water main and installs the corporation and Service Connection, such cost shall include actual labor costs at the Authority's then current rates plus an overhead percentage to cover employee benefits, the cost of all materials used to construct the connection and the reasonable rental value of all equipment used by the Authority for such connection.

Where the Owner (or his predecessor) of the property connecting to the Public Water System shall have constructed, at his own expense the Service Connection and Service Line, the Connection Fee shall be equal to the Authority's actual labor costs at the then current rates (plus overhead percentage for employee benefits) to make inspections of such connection to determine that such connection is made in accordance with the Authority's then current Rules and Regulations.

The Authority shall publish, on at least an annual basis, a schedule of its then current rates for labor and equipment. The schedule of rates and charges will be available for inspection by the public during the Authority's regular business hours.

C. Customer Facility Fee. There is hereby imposed and fixed upon the owner of each property making a connection to the Public Water System a Customer Facilities Fee in an amount equal to the costs incurred by the Authority in supplying a water meter, back flow prevention device and transmission device for automated meter reading to the Owner.

D. When Payable. After the Connection is completed, the Authority shall bill the property Owner for the Connection Fee and Customer Facility Fee which bill shall be payable within thirty (30) days of the date of said bill.

E. Tapping Fee. There is hereby fixed and imposed upon the Owner of each Improved Property making connection to the Public Water System, a Tapping Fee in the amount set forth on the Authority's Schedule of Tapping Fee Rates and Charges in respect of each EDU or estimated EDU of water to be used by such Improved Property. This Tapping Fee may consist of a capacity component, a distribution component, a special purpose or special facilities component and a reimbursement component each in the amounts set forth on the Authority's Schedule of Tapping Fees. The capacity component, distribution component, and special purposes component have been calculated by the Authority's Engineers based on the requirements of the Act. The Authority Engineers' calculation of the Tapping Fee is available for inspection by the public during the Authority's regular business hours and is incorporated by reference. The reimbursement component Tapping Fees have been calculated in accordance with applicable agreements between the Authority and certain developers to whom such reimbursement is owed.

F. When Payable. Tapping Fees imposed under Section F hereof, shall be paid to the Authority at the time an Owner of Improved Property makes an application for a permit to connect to the Public Water System pursuant to the Authority's then current Rules and Regulations. In the event that an Owner is required to connect to the Public Water System, but fails to do so within the time allowed for such connection by the Authority's then current Rules and Regulations, the Tapping Fee due hereunder shall be due and payable on the day next following the last permissible day for such construction. In such event, a separate bill for the Tapping Fee will be mailed to the Owner by the Authority.

Where an Owner fails to pay a Tapping Fee when due and owing, such Tapping Fee shall constitute a lien against the Improved Property and the Authority may file a municipal lien against such Improved Property and may take all other actions allowed by law or in equity to secure and enforce payment of such Tapping Fee.

G. Tapping Fee Separate. The Tapping Fees imposed hereunder with respect to an Improved Property shall be in addition to any Connection Fees, Customer Facility Fees, rental or other charges fixed or imposed by the Authority pursuant to the Act by reason of the use, or availability for use, of the Public Water System by such property.

H. Additional Units. In the event an Owner desires to add or construct: (i) Additional Space to an Improved Property, or (ii) additional Individual Dwelling Units to an Improved Property, the additional EDU's created by the addition or construction shall not be connected to the Public Water System until the property owner:

(i) Secures a permit from the Authority for connection as provided in the Authority's Rules and Regulations; and

(ii) Pays the Authority the appropriate Connection Fee and Customer Facility Fee (if applicable); and

(iii) Pays to the Authority the appropriate Tapping Fee imposed by the Authority's then current Rules and Regulations for such additional EDU's.

I. Additional Usage. All applications for connection permits submitted by an Owner of Commercial Establishments or Industrial Establishments shall include an estimate of the gallons per month of expected water usage from the Public Water System. Each Commercial Establishment or Industrial Establishment shall be allotted one or more EDU's based on the expected average water usage amount on the Connection permit. The Tapping Fee payable with respect to such applications shall be calculated on the basis of the estimated usage set forth in the permit application and such estimate shall be included on the permit issued by the Authority. The minimum allocation for each Commercial Establishment and each Industrial Establishment shall be one EDU, no matter what the actual usage is or is expected to be.

After Commercial Establishments or Industrial Establishments have been connected to the Public Water System, the Authority will monitor the water usage by all Commercial Establishments and Industrial Establishments and will, on an annual (calendar year) basis, calculate the average monthly water used by each such Improved Property based on the previous one year of water usage. If any Commercial Establishment or Industrial Establishment has average monthly water usage (calculated on a calendar year basis) which exceeds its EDU allotment, then the Commercial Establishment or Industrial Establishment shall be billed a Tapping Fee on a per gallon basis for each gallon of water exceeding its EDU allotment. The Owner shall have 30 days from the date of such bill to pay to the Authority the additional Tapping Fee. Upon receipt of said Tapping Fee, the Authority shall modify the connection permit for such property to reflect the increased average monthly water usage permitted from such Improved Property. Once additional gallons or EDU's have been purchased by an Owner, the Authority shall not be responsible for repurchasing or reimbursing the Owner if the Owner's usage demand should change.

For all Industrial Establishments and Commercial Establishments connected to the Public Water System as of January 1, 2012, the connection permits of such properties shall be modified, where necessary (or where no Connection Permit was previously issued, a Connection Permit shall be issued), to reflect an average monthly water usage calculated as follows: The average monthly flow for the highest eight (8) quarters of usage, during the period January 1, 2007 through December 31, 2011 shall be determined. The Connection Permit shall be modified or issued for the amount of such usage. No Tapping Fee shall be payable for this initial issuance or adjustment to such Connection Permits. Thereafter, any increase in average monthly water

usage (calculated on an annual basis) shall be subject to the provisions of this section. In the event the calculation of the adjustment based on the period January 1, 2007 through December 31, 2011, provides a hardship to the Customer, the Customer may petition the Authority Board to recalculate the adjustment based on average monthly usage calculated in a different manner or in a different timeframe. The decision on whether to allow readjustment or lack thereof, shall rest entirely in the discretion of the Board of the Authority.

SECTION 3: Individual Service Lines and Connections

A. Each Improved Property shall have its own individual Service Line. Each unit of a duplex, townhouse or row home having a solid vertical partition wall shall be considered a separate property requiring individual Water Connections.

B. Where premises in single ownership consist of more than one building, the Authority reserves the right to determine, under the circumstances of each case, whether each separate building must have a separate Water Connection or whether all buildings together may use a single Connection.

C. Two or more Customers supplied with water from the same Service Line shall be prohibited without the written consent of the Authority, which consent may be withheld for any reason.

SECTION 4: Application for Water Service through Existing Lines

A. Application: Any Owner desiring a supply of water through an existing Service Line from the Authority's main must make an application to the Authority, at least 24 hours before service is required, which must be properly approved by the Authority or its duly authorized agent before the water will be turned on.

B. Right of Access: Where an Improved Property is served by an existing connection, and any part of the Service Connection and Curb Stop are located on private property, the Owner, as a condition to receiving water service hereby consents to and grants the Authority a right of access to the Service Connection and Curb Stop.

SECTION 5: Arrears and Past Due Charges

No water service will be rendered by the Authority to any applicant until all arrears and charges due by the applicant at any Premises now or previously owned or occupied by such applicant shall have been paid, or satisfactory arrangements made in regard thereto. The Authority, at its option, may terminate water service to an Improved Property until all arrears and overdue charges for water service and/or sewer service have been brought current.

SECTION 6: Partial Periods

Whenever application is made for connection of an Improved Property not previously served or whenever a change of service is made which increases the quarterly charge to any

Premises already served, there shall be paid to the Authority, as a condition for the permission to make such connection or change, a prorated portion of the quarterly charge for service at the new or increased rates for the balance of the calendar quarter; provided, however, that no charge shall be made for a period of less than 30 days.

SECTION 7: Liability - General

When a prospective Customer has made application for a new service or has applied for the reinstatement of an existing service, it is assumed that the piping and fixtures which the service will supply are in order to receive same. The Authority will not be liable, in any case, for any accident, breaks or leakage arising, in any way, in connection with the supply of water or failure to supply same, or the freezing of water pipes or fixtures of the Customer, nor for any damage to the property which may result from the usage or nonusage of water supplied to the Premises.

SECTION 8: Vacating the Premises

When Premises are vacated, the Owner must give written notice at the office of the Authority so that the water may be turned off. The Owner will be responsible for the water rent until such notice is given. Consistent with Section 19, the Owner will be responsible for weatherizing the Premises prior to vacating it, so that no freezing or damage to the water meter can occur. In the event there is damage to the meter, the meter will be repaired or replaced at the sole cost and expense of the Owner.

A new application must be made for any change in occupancy of Improved Property or for any change in the use to which water service is being put, as described in any application, and the Authority may discontinue the water supply until such new applications have been made and approved.

New applications may be refused by the Authority for proper cause, at any time, upon giving 5 days' notice of such refusal.

A charge payable by the Owner, will be made for shutting off water and a separate charge payable by the property Owner, will be made for turning the water back on under this Rule. The amount of such charges shall be determined by the Authority from time to time and shall be published with the Authority's Water Rate Schedule.

In the case where two or more apartment units are to be served through a master meter, the property owner shall not be responsible for a minimum quarterly billing per apartment unit until one or more of the apartment units served through the master meter becomes occupied. At that time, the Owner shall become responsible for minimum quarterly billing per occupied apartment unit served through the master meter. Once an apartment unit has been occupied, the property owner shall continue to be responsible for a minimum quarterly billing, whether or not the apartment unit remains occupied.

If a building or complex of units served through a master meter becomes completely vacant for a period of not less than 90 days, the water may be shut off upon receipt of written request from the property Owner. The conditions set forth in the first four paragraphs of this

Section 8 shall apply. Charges for shutting off water and turning the water back on will be payable by the Owner as set forth in the Authority's then current water rate schedule.

SECTION 9: Vacated Property May Lose Capacity

Where any Dwelling Unit, Commercial Establishment or Industrial Establishment has been vacated for more than two (2) years, or water service to such property has been turned off for more than two (2) years, the Connection Permit for water service shall expire and the water capacity allocated to such vacated property shall terminate unless additional steps are taken by the Owner of the Improved Property to preserve the water capacity for such Improved Property.

The Owner of any Improved Property which has been vacated or which has had water shut off to the property, may maintain the Connection Permit and the capacity allocated to such Improved Property by continuing to pay the minimum quarterly charges for water service to the Authority, during the period of time such property is vacant or has had water turned off.

If an Owner fails to take the steps necessary to maintain an existing Connection Permit for a vacated property, in order to obtain water service for such property after the Connection Permit has expired, Owner will be required to pay the Authority's then current Tapping Fees to obtain a new Connection Permit.

SECTION 10: Service Lines and Service Connection

A. Prohibited Service Lines. A Service Line shall not be installed when the Service Line passes over or through property which, at the time, is owned by persons other than the owner of the Improved Property to be supplied, unless the Owner of the Improved Property supplied is permitted by recorded document to install and maintain the Service Line through said property. No Service Line impacting a public street shall be installed at a time when street openings are prohibited by municipal regulation or if, in the judgment of the Authority, working conditions are unreasonable for such installation.

B. Installation of Service Line. The Service Line from the Service Connection to the Improved Property shall be installed and maintained by and at the expense of the Owner in accordance with the Authority's Technical Specifications. The Service Line installed by the Owner shall comply with the minimum standards established by the Authority from time to time as set forth in its Technical Specifications.

C. Installation of Service Connection. The corporation and the Service Connection shall be installed by the Authority at the Owner's expense. The costs of such installation shall be included in the Authority's Connection Fee.

D. Repairs. The Authority will not be responsible for the maintenance or repair of any Service Line, and will not bear the cost of the same.

SECTION 11: Responsibility for Condition of Service Line - Curb Stop to Premises

The Service Line to the Improved Property shall be kept in good condition by the Owner, under penalty of discontinuance of service by the Authority. The Authority has the right to periodically examine the Service Line and Service Connection in order to require replacement or repair of same.

The Service Connection from the corporation stop to the connection at the Service Line shall be owned and maintained by the Authority at the Authority's cost and expense.

SECTION 12: Opening and Closing Valves, Corporation Stops and Curb Stops

Under no circumstances shall any person not authorized by the Authority open or close the corporation stops, valves or curb stops in any public or private water line.

SECTION 13: Violation of Rules Where Two or More Customers are on the Same Service Line

When two or more Customers are supplied with water through a single Service Line, any violation of the rules of the Authority by either or any of said Customers shall be deemed a violation as to all, and the Authority may take such action as could be taken against a single Customer, except that such action shall not be taken until the innocent Customer, who is not in violation of the Authority's rules, has been given reasonable opportunity to install a separate Service Line and Service Connection.

SECTION 14: Two or More Parties or Families Using Water Through the Same Meter

Where conditions make it difficult to install separate meters for each Dwelling Unit in a two to four unit apartment building owned by one Owner, a single meter will be installed, and for each Customer supplied through such meter, a minimum charge will be made according to the minimum charge for a meter, as set forth in the Water Rate Schedule then in effect and as amended from time to time. Where the equivalent of the minimum quarterly consumption for a meter for each party is exceeded, the actual cost shall be billed to the Owner in accordance with the Authority's then current Water Rate Schedule.

SECTION 14.1 Mixed-Use Connections

No Mixed-Use Connection will be permitted in the Municipalities except for those already established before May 1, 2012. If a property with an existing Mixed-use Connection is modified in any material manner, including, but not limited to, the addition of a kitchen, bathroom, or other rooms, change in the zoning use of the property, or any fundamental changes to the property's plumbing such that a building permit is required for modification (a "Modified Property"), then the Modified Property shall henceforth, from the time of modification, 1) be configured such that there shall be separate meters for the Dwelling Unit portion of the property and the Commercial Establishment portion of the property; and 2) be allotted an EDU for each Dwelling Unit or Commercial Establishment on the property. If any

such Modified Property shall exceed the amount allotted for its EDU, then it shall be charged by the gallon for the overage.

SECTION 15: Connections or Outlets Between Main and Meter

No connection or outlet will be permitted on the Service Lines supplying any Improved Property between the street main and the meter. All water used must pass through the meter.

SECTION 16: Investigation of Bills of Doubtful Accuracy

Any Person, upon receipt of a bill, having reason to doubt its accuracy shall bring or mail the bill, within 30 calendar days, to the Authority for investigation.

SECTION 17: Failure to Receive Bill

Failure to receive a bill shall not exempt any Customer from loss of discount or the accruing of a penalty, as the case may be. The presentation of a bill to the Customer is only a matter of accommodation and not a waiver of this Rule.

SECTION 18: Maintenance of Meters

Except as otherwise provided in the Authority's Rules and Regulations, water meters, including touch pads or remote read devices, shall be maintained by the Authority at its cost and expense, and access to same for reading of the meter, inspection testing, repairs, etc., must be permitted at all reasonable times by the Customer, and must be accessible to Authority personnel at all reasonable times.

SECTION 19: Protection of Meter

The Owner must, at all times, properly protect the meter from injury by cold, frost or any other cause and will be held responsible for repairs to the meter, made necessary due to owner's negligence. Damage due to freezing, hot water or external cause shall be paid by the property owner within 2 weeks of billing, under penalty of discontinuance of water service.

SECTION 20: Leaks and Defective Plumbing

The Authority shall not be liable for any damage resulting from leaks, broken pipes or from any other cause occurring to or within any house or building, and it is expressly stipulated, by and between the Authority and the property owner, that no claims shall be made against the Authority on account of the bursting or breaking of any attachment to the waterworks.

SECTION 21: Leaks or Waste

All water passing through a meter shall be charged for at the regular rate, and no allowance will be made for excessive consumption due to leaks or waste.

SECTION 22: Stand by Fire Protection Service

A. Anyone wishing to establish and maintain a stand by fire protection service connection with the Authority must make written application to the Authority for that connection. The application must state the reasons for the establishment of the connection and a description of the proposed connection including detailed drawings and specifications.

Fire protection service must be provided by a separate water Service Line to a fire protection system. The Service Line connected to a fire protection system shall be used exclusively for that purpose. If a property is eligible to receive domestic or commercial water service, such water service must be provided by separate Service Lines to the Customer's property. When an Improved Property is to be served by both standby fire protection and domestic water service, Owner shall comply with the design criteria set forth in the Authority's Technical Specifications.

A meter of a type specified by the Authority shall be installed on each stand by fire protection Service Line. All stand by fire protection service connections shall be billed at a flat rate based on the size of the connection. This quarterly charge is considered by the Authority as compensation for "standing ready to serve". It is understood by fire protection Customers that for said charge, the use of water is not contemplated except for the actual extinguishing of fires or for testing the fire protection system, and such testing shall not be done without first notifying the Authority and receiving approval for such tests. All water consumed, will be charged in accordance with rates set by the Authority and will be billed on a quarterly basis and added to the quarterly stand by charge.

The Authority, at its discretion, may permit stand by fire protection service connections, in areas where a moratorium exists on extensions of the Authority's water system, because use of water is not contemplated by stand by fire protection service connections, except in the unlikely event of fire. In areas where a moratorium exists, this permission may be given and the Authority's discretion may be exercised only where the property to be served with stand by fire protection abuts an existing water main owned by the Authority. In the event a fire occurs and Authority water is ever used by Customer properties located outside the Service Area for fire-fighting or fire protection, then, for so long as a water extension moratorium remains in effect, the Customer shall pay, in addition to the other charges specified herein, liquidated damages in the amount of \$1,000 for each use plus a penalty fee equal to two times the rate for water usage for all water actually used.

B. The regulations set forth in subsection A above shall be applicable to all stand by fire protection service connections approved by the Authority on or after May 1, 1990.

All stand by fire protection Service Lines approved prior to May 1, 1990 shall, unless subject to specific written agreement (in which case the agreement shall prevail), be billed the flat rate for fire protection service then in effect based on the size of the connection. If such fire

protection lines are ever replaced or expanded, then the regulations set forth in subsection A above shall apply to all replacement or expansion lines installed for stand by fire protection service.

SECTION 23: Public Fire Hydrant Location

Within the Service Area, the Authority will install at any location on the public highway or street, as determined by the Authority Engineer, a standard fire hydrant. The Municipality will pay the cost of any fire hydrants installed within the Municipality and the Authority will install said hydrants at the Municipality's expense.

The Authority may also require, in main extensions by private Developers or other parties, the installation of standard fire hydrants at locations designated by the Authority, as part of the Main Extension Agreement between the Authority and the private Developer or other parties.

SECTION 24: Changing Location of Public Fire Hydrant

Whenever a Municipality shall desire a change in the location of any public fire hydrant, the Authority, upon written request of the Municipality to do so and subject to the approval of the Authority Board or Administrator, will make such a change at the expense of the Municipality. At the option of the Authority, a deposit shall be paid in advance by the Municipality. The deposit will be based on the estimated cost of the moving of a public fire hydrant, as determined by the Authority. The deposit will be applied toward the Authority's actual cost and the balance, if any, returned to the Municipality. If the cost exceeds the deposit, the Authority will invoice the Municipality for the difference and the invoice shall be paid by the Municipality within thirty (30) days of the date of the invoice.

SECTION 25: Use of Public Fire Hydrants

Except in the case of fire or tests of the hydrants by authorized fire companies, all persons are forbidden to open any public fire hydrant or to use any water therefrom for sprinkling streets, for building or any purpose, without permission, in writing, from the Authority, under the penalty prescribed by law. Fire hydrant tests shall be made directly under the supervision of an authorized agent of the Authority.

Fire protection charges, where applicable, are mainly a compensation for "standing ready to serve" and for said charge, the use of water is not contemplated, except for the actual extinguishing of fires or for testing fire hydrants, systems' and apparatus. Tests shall not be done without first notifying officials of the Authority. If water is used otherwise, a consumption charge, in accordance with the existing rates, will be imposed. Within 24 hours following the use of a fire hydrant, the fire department must notify the Authority.

SECTION 26: Turning Off Water

A. The Authority reserves the right, at all times after due notice, to shut off the water for nonpayment of water bills or sewer bills, and for neglect or refusal to comply with the Rules and Regulations of the Authority.

B. Water service may also be discontinued for any of the following reasons:

(i) For misrepresentation in application as to property to be supplied or the use to be made of the water supply.

(ii) For the use of water for any property or purpose other than those described in the application.

(iii) For waste of water through improper or imperfect pipes, fixtures or otherwise.

(iv) For failure to maintain in good order Service Lines or fixtures owned by the Customer.

(v) For damaging any Service Line, Service Connection, meter, curb stop or seal or any part of the Authority water system.

(vi) In case of vacancy of the Improved Property.

(vii) For neglecting to make payment of any charges for water service or sewer service against the Improved Property.

(viii) For refusal of access to Improved Property for the purpose of inspecting or for reading, caring for or removing meters.

C. The Authority shall have the right to shut off the water without notice in the case of breakdowns or for other unavoidable causes, or for the purpose of making necessary repairs, connections, etc. Reasonable notice will be given, when practicable. In no case shall the Authority be liable for any damage or inconvenience suffered by Customers as a result of the water shut off.

D. The Authority shall also have the right to shut off water service after due notice, to any person failing to pay a sewer bill within 3 months after it has become due and payable, until all unpaid amounts, including penalties and interest, have been paid.

E. In the event that the Authority shuts off the water for any reason set forth in Subparagraphs 27A, 27B, or 27D, the Owner of the Improved Property will be charged the then current fee for shutting off the water and the then current fee will be charged for the resumption of water service.

SECTION 27: Limitation of Liability

The Authority shall not be liable for any damage or injury to any Person or property caused by the discontinuance of water service for any of the reasons set forth in Section 27 or for the purpose of making necessary repairs or connections, or caused by failure of an Owner to maintain his Service Line or caused by water escaping from a property Owner's Service Line or caused by the total or partial failure of water service or pressure for any cause beyond the control of the Authority. The Authority shall not be liable for damage or injury by fire to any person or property caused by the total or partial failure of water service or water pressure for any cause, whether within or beyond the control of the Authority.

SECTION 28: Boiler and Hot Water Heater Liability

All Customers having boilers and/or hot water heaters upon their Premises', depending upon the pressure of the water in the Authority's pipes to keep them supplied, are cautioned against danger of collapse, or pressure build up and all such damage caused by pressure variations, must be borne exclusively by the Customer. Guidelines regarding the use of thermal expansion devices, to protect Customer equipment, are available from the Authority.

SECTION 29: Connection Limitations

A. The Customer's Premises shall be open at all reasonable times to the Authority, or its authorized representative, for the purposes of conducting surveys and investigations of water use practices within the Customer's Premises to determine whether there are actual or potential cross-connections to the Customer's Water System through which contaminants or pollutants could backflow into the Public Water System.

B. On request by the Authority, the Customer shall furnish information on water use practices within his premises.

SECTION 30: Extensions of Street Mains

A. General. The Authority will permit the extension of existing water mains where necessary, to provide water service provided the party wishing to extend the Authority's water mains enters into an agreement with the Authority agreeing to comply with the Authority's then current rules and regulations with respect to water main extensions. Relevant rules and regulations shall include the Authority's then current Technical Specifications as well as the Authority's then current Rate Schedules. Notwithstanding the foregoing, no extension of existing water mains shall be permitted in any area subject to a water system moratorium until such time as the moratorium has been lifted.

B. Application. The Developer shall submit a properly completed and executed application on the Authority's then current form and make payment of the current application fee to the Authority.

A. Cost Opinion. The Developer shall submit a cost opinion of water improvements, signed and sealed by a professional engineer, to be used for improvement and maintenance guarantees.

B. Developer's Agreement. The Developer shall submit two (2) signed copies of a Developer's Agreement satisfactory to the Authority and a check to establish an escrow fund as stipulated in said Agreement.

C. Water Capacity Form. If the Developer desires to reserve capacity, the Developer shall submit a completed reservation of water capacity form and make payment of the associated deposit or total tapping fee.

D. Planning Module Forms. The Developer shall submit completed Act 537 DEP Planning Module forms if applicable.

E. Plans and Specifications. Four copies of the plans and specifications for all proposed water main extensions shall be presented to the Authority. All drawings shall be prepared by a registered professional engineer, or other registered professional authorized by law to prepare such plans, and such plans shall show the location of water lines, Service Lines, as applicable, gate valves, fire hydrants, other utilities and other necessary appurtenances required for the completion of the work. All drawings shall incorporate both a plan view and profile drawing which shall contain the proposed location of the water lines, along with the location of the sanitary sewer lines, storm sewer lines, and other underground utilities which are existing or proposed. All design work evidenced on the plans and specifications shall comply with at least the minimum standards set forth in the Authority's then current Technical Specifications. The minimum allowable pipe diameter for main extensions is eight (8) inches. The Authority shall have the exclusive right to determine the type, size, alignment and specifications of water mains and appurtenances.

All water mains shall extend to the far property line of the last property proposed to be served during a given extension or addition to the Authority's existing water system.
Application Review.

F. Application Review.

(i) After receiving the completed application and documents, the Authority will, within ten (10) business days of receipt, review the application and documents for completeness. If defective, the application shall be returned to the Developer with a statement that the application is incomplete and the reasons for incompleteness within the ten (10) day period; otherwise the application shall be deemed accepted for filing as of the date of submission. Acceptance shall not, however, constitute a waiver of any deficiencies or irregularities. If the application and related documents are in order, they will be forwarded to the Authority Engineer for review and comment and will also be reviewed by the Authority on substantive grounds.

(ii) The Authority Engineer and the Authority will review the application, plans and documents for compliance with then current Administrative Rules and Technical Specifications. The Authority Engineer will generate comments and forward such comments in writing to the Authority. The Authority will review and forward consolidated comments to the Developer. The Authority's comments will be generated and released within thirty (30) calendar days of receipt of the application and documents.

(iii) The Developer shall satisfactorily address, in writing, to the Municipality and the Authority, each of the Authority's comments. The Authority will review and issue a letter of acceptance of plans or further comments. A Municipality will not approve plans until the Authority gives written approval of the utility plans; provided, however, that a Municipality may approve plans conditioned on the Authority's approval of the utility plans. In no case will construction and/or connection permits be issued unless comments regarding compliance with Authority Rules and Regulations are satisfactorily addressed.

G. Conduct of Work. The Developer extending the Authority's water system, acting through its contractor, shall make use of all reasonable means to maintain the normal flow of traffic on municipal streets and state highways during all phases of construction. Should it become necessary to close or encroach upon any street or highway, contractor shall obtain the necessary permits prior to making such closure or encroachment. The contractor shall comply with the applicable PennDOT traffic control procedures and guidelines.

If any part of a main extension intended to be dedicated to the Authority is to be installed anywhere other than in publicly dedicated streets, before the Authority gives its final approval to commence construction, the Developer shall provide the Authority with rights of way or easements in form and substance satisfactory to the Authority and its counsel, evidencing the right of the Developer and the Authority to install, maintain and reconstruct water lines across private property.

H. Highway and Street Permits. The Developer performing the extension, acting through its contractor, shall secure the necessary state highway and municipal permits for working within state highway and municipal streets. The contractor shall comply with all PennDOT and municipal laws, rules, regulations, and ordinances including, but not limited to, furnishing bonds and insurance required and costs of inspection of the work. All PennDOT highway inspection fees charged by PennDOT shall be paid by the Developer. All charges imposed by the Authority for observation of construction work shall be paid by the Developer.

Where the Authority is required, by PennDOT regulations, to apply for a highway occupancy permit and to post bonds and provide insurance for a water main extension, the Developer constructing the extension, shall be responsible for paying for or reimbursing the Authority for the costs of such bonds and insurance. Furthermore, before the Authority shall execute and file any application for highway occupancy permit with PennDOT, the Authority shall have received from the Developer and/or contractor an agreement of indemnity from the Developer or owner and contractor, wherein the Developer/Owner shall agree to indemnify and hold harmless the Authority from any and all liability incurred in connection with the Project and from all costs and expenses imposed on the Authority by PennDOT in connection with such application and naming the Authority as an additional insured on the contractor's general liability policy, it being the intention of such agreement that any and all costs and expenses incurred by the Authority as a result of the PennDOT application process for a highway occupancy permit shall be paid in full by the Developer/owner. The Developer shall carry contractual liability insurance in amount and form satisfactory to the Authority, insuring the indemnification.

I. Observation of Construction Work. The Developer shall establish with the Authority or, at the option of the Authority, with the Borough of Mount Joy, an escrow account in

an amount sufficient to cover the estimated costs of construction observation, engineering expenses, administrative expenses, legal expenses and other charges related to the proposed extension. The amount of escrow fund for activities related to the Developer's extension shall be established by the Authority or its consulting engineer. The Developer, acting through its contractor, shall notify the Authority at least three working days in advance of commencing construction work, so that appropriate construction observation times may be scheduled. No work may be undertaken at the site in the absence of construction observation without prior written approval of the Authority and any work performed without construction observation in the absence of such approval shall be re-excavated, exposed and observed by the Authority's representatives as ordered by the Authority. Any defective work, or any work not conforming to the plans and specifications approved by the Authority shall be replaced to the satisfaction of the Authority at the Developer's cost and expense. Allowable work days for projects are Monday through Friday of any week, excluding holidays. If the escrow account is depleted prior to the completion of construction, additional escrow funds shall be deposited by the Developer with the Authority. Any unused escrow fund shall be returned to the Developer upon completion of the construction and dedication of the facilities by the Developer to the Authority and acceptance by the Authority of such facilities.

J. Acceptance of Extension. After all construction of any water line extension has been completed and the line has been satisfactorily sterilized, tested and approved by the Authority, or its consulting engineers, the Developer shall prepare proper legal documentation, to the satisfaction of the Authority and its counsel, in order to formally transfer ownership of the water main and facilities to the Authority. The Developer shall provide a maintenance guaranty for eighteen months following the date of acceptance of the water line and facilities by the Authority. This guaranty shall include all equipment, materials or appurtenance installed as a portion of the project to be dedicated and all labor required in connection therewith. It shall be the sole responsibility of the Developer to repair or replace any equipment, materials or appurtenances deemed defective by the Authority during the eighteen month guaranty period. Without limiting the generality of the foregoing, the guaranty shall include restoration and/or settlement of excavated areas either in public or private rights of way. The Developer shall be solely responsible for refilling excavations and restoring surfaces damaged due to settlement during that period of time. As to work performed in state highways, the Developer shall be required to reimburse the Authority for any bond costs or inspections required by PennDOT. Should the Developer, or its contractor, not promptly address defects which may be identified by the Authority, the Authority will terminate service to the water system extension by closure of the appropriate valve until such time as the defects have been corrected.

K. Design of Mains. The design of main extensions shall be such that dead ends are limited to as few as practical. In such cases where dead ends cannot be avoided, a fire hydrant shall be placed at the dead end to allow the Authority to flush the line from time to time. other types of blow off devices for dead end mains will be considered by the Authority on a case by case basis. All dead end extensions must be approved by the Authority. The determination of whether a dead end is permissible shall be made by the Authority in its sole discretion.

SECTION 31: Reservation of Capacity in Public Water System. The Authority reserves the right, but not the obligation, to allow the reservation of capacity in the Public Water System as follows:

A. Method of Allocation of Capacity. The Authority shall allocate capacity in the Public Water System in terms of Equivalent Dwelling Units and consistent with the Authority's agreements with the Municipalities as the same may be amended from time to time. Applicants for allocation of capacity for a particular tract of land shall determine the estimated number of EDU's in accordance with the applicable provisions of the Authority's then current Rules and Regulations concerning tapping and connection fees and rates.

B. Method of Reservation of Capacity. The Authority shall reserve the allocated capacity for a particular tract of land within the Authority's Service Area, and such capacity cannot be transferred to any other tract. Where a request for capacity would involve the extension of water mains outside the geographic boundaries of the Borough, no capacity shall be allocated for such tracts for as long as a moratorium on water main extensions exists under the Authority's then current rules and regulations or policies.

C. Requests for Allocation and Reservation of Capacity. All requests for allocation and reservation of capacity in the Public Water System shall be made in writing and shall supply such information as requested by the Authority and its Consulting Engineer concerning the location of the property to be served, the size of the tract, the proposed use, status of subdivision and/or land development application, if any, the estimated water usage in gallons and the EDU's. Such requests shall be accompanied by a check or money order in an amount equal to \$500 per EDU times the number of EDU's for which reservation of capacity is being requested. Requests shall be logged in by the Administrative Secretary of the Authority or her authorized agent in the order that written applications are received from Applicants.

D. Allocation of Capacity. Capacity remaining in the Public Water System shall be allocated on a first come, first served basis. The order in which capacity shall be allocated shall be determined by the order in which requests are received and logged in by the Administrative Secretary of the Authority. The entire request for capacity of an Applicant shall be allocated before any remaining capacity is allocated to a subsequent applicant.

E. Reservation of Capacity. After capacity has been allocated to a particular tract, it shall be reserved for the tract of land set forth in the application. All reservations of capacity shall be made in accordance with the provisions of these Rules and Regulations and, in particular, with this Section 32.

(i) All reservations of capacity for a tract of land, except as provided in subparagraph (a), shall remain valid for five (5) years from the date of the meeting at which the Authority authorized the initial allocation and reservation of capacity for the tract of land.

a. If, after allocation and reservation of capacity, the Applicant receives subdivision and/or land development approval for his proposed use which would permit less intensive development than that for which capacity was requested, any EDU's which are not required by the development as approved through the subdivision and land

development process shall be available for reallocation. For example, if an Applicant requests allocation and reservation of capacity for a 100 dwelling unit development, but the land development plan as approved permits the erection of only 75 dwelling units, then 25 EDU's shall become available to the Authority for reallocation by the Authority. In such case, the reservation fees paid for the 25 EDU's shall be applied as a credit to the tapping fees payable on the 75 EDU's.

(ii) If an Applicant transfers ownership of the tract of land to which an allocation and reservation of capacity has been made, the allocation and reservation may be transferred with the tract provided that the required number of EDU's for the transferee's proposed use remains constant. The transferee of the tract of land shall not be allocated any additional EDU's as a result of the transfer or any proposed change in the use of the tract. The Authority must be notified of any such transfer and provided with documentation indicating the new owner of the tract.

(iii) Capacity which has been reserved cannot be transferred to another tract of land.

(iv) If an Applicant has not connected to and commenced using the Public Water System within the five (5) year period set forth in Section 32 E(i) herein, the reservation of capacity will expire and the capacity which has been allocated to the tract shall be available for reallocation by the Authority unless the Applicant shall take the steps set forth herein to preserve the reservation of capacity.

a. If an Applicant desires to preserve a reservation of capacity for a tract of land beyond the original five (5) year period, the Applicant may pay all tapping and connection fees on or before the day on which the reservation will expire. Payment of such fees will extend the reservation of capacity for an additional three (3) years from the date upon which the reservation would have automatically expired.

b. If the Applicant has not connected to and commenced using the Public Water System within the three (3) year extended reservation period, such reservation shall automatically expire and the capacity which has been allocated to the tract shall become available for reallocation by the Authority unless the Applicant commences to pay the minimum user fees for the number of EDU's of capacity which have been reserved. If the Applicant is delinquent in the payment of such minimum user rates for a period of sixty (60) days, the reservation of capacity shall automatically expire and the capacity which has been allocated to the tract shall become available for reallocation.

F. Reservation Fees.

(i) Initial reservation fees shall be equal to \$500 per EDU, which shall reserve capacity for five (5) years.

(ii) All reservation fees payable hereunder shall be credited towards the water tapping fees imposed by the Authority from time to time.

(iii) All reservation fees are non refundable.

G. Construction of Extensions of the System and Connection to the System. Developers shall be required to provide financial security to the Borough to guarantee the completion of all extensions of the Public Water System in accordance with applicable state and federal laws and regulations. Connections to the Public Water System shall also be made in accordance with the Authority's policies and these rules and regulations. Nothing contained herein shall be considered to modify or abrogate the requirements of such policies, resolutions, rules, regulations and/or statutes.

H. Existing Allocations and Reservations of Capacity. All Developers or other persons to whom capacity has been allocated and reserved prior to December 17, 1991 shall comply with the provisions of this Section 32 and specifically with the provisions of subsection 32E herein. For the purposes of computing the time periods set forth in Section 32E, December 17, 1991 shall be considered the date at which capacity was allocated and reserved.

I. Applicability. This Section 32 shall be applicable to all Developers and other persons who wish to reserve water capacity in excess of 10 EDU's for any project. For projects of 10 EDU's or less, the Applicant may elect not to reserve capacity. In such cases, no capacity will be reserved for such project and connection to the Authority's water system shall be made upon application to the Authority only where such capacity is available at the time of application and the Applicant has complied with the Authority's then current rules and regulations regarding connection to the Public Water System. If the Applicant requires a capacity letter from the Authority in order to obtain other governmental permits or approvals, then, notwithstanding the size of the project, the Applicant shall comply with these Rules and Regulations in order to reserve the necessary water capacity.

J. Reduction in Capacity. In the event any governmental or regulatory body or court having competent jurisdiction to do so ever reduces the Authority's capacity in its Water System and such reduction makes it impossible for the Authority to honor the reservations of capacity previously approved by the Authority, the Authority shall take the following steps, with regard to each Municipality in the Service Area, but only if and to the extent consistent with the Authority's agreement with said Municipality:

(i) Reallocate its remaining capacity (after such reduction) among all applicants who have received approved capacity reservations from the Authority, such reallocation to be made on a proportionate basis among all holders of capacity reservations in the same proportion as such applicants' reservations bear to the total reservations then in effect.

(ii) Apply any reservation fees paid for capacity lost to each applicant, as a credit to the tapping fees owed by the applicant for the remaining capacity which has been reallocated to such applicant. In the event the amount of reservation fees so applied exceeds the total tapping fees payable for the reallocated capacity, the Authority will refund to the applicant the excess reservation fees paid over and above tapping fees payable in connection with the reallocated capacity.

(iii) The Authority shall, in the event of a reduction in capacity, give written notice to all parties holding capacity reservations, informing them of the cause of the reduction in capacity, providing a calculation of the reduction in capacity and the amount of

capacity reallocated to such applicant. The notice shall also contain a calculation of the amount of tapping fees which will be payable in connection with the reallocated capacity and shall apply a credit equal to the reservation fees for the lost capacity to the tapping fees of the reallocated capacity and, where applicable, will show if a refund is due the applicant.

(iv) This subsection 32J can be illustrated by the following hypothetical situation. The Authority previously approved 1,000 EDU's of reserve capacity for the following developers in the following amounts:

Developer A 500 EDU's = 50% of total capacity committed:

Developer B 300 EDU's = 30% of total capacity committed;

Developer C 200 EDU's = 20% of total capacity committed.

If DEP or any other regulatory agency with proper jurisdiction requires the Authority to take a supply source out of service, thereby reducing the Authority's available capacity to 500 EDU's, the 500 EDU's of capacity shall be reallocated to Developers A, B and C in proportion to their previously reserved capacity as follows:

Developer A shall receive 250 EDU's (equal to 50% of available capacity);

Developer B shall receive 150 EDU's of capacity (equal to 30% of available capacity);
and

Developer C shall receive 100 EDU's of capacity (equal to 20% of available capacity).

The reservation fees paid by Developer A in connection with the 250 EDU's of capacity which have been lost as a result of the reduction in capacity, will be applied as a credit toward the tapping fee payable by Developer A in connection with the 250 EDU's of reallocated capacity. Likewise, the reservation fees paid by Developer B and Developer C shall be applied as a credit towards their tapping fees for the capacity reallocated to them.

SECTION 32: Replacements and Upgrades of Water Mains

Whenever the Authority shall undertake to repair, replace or upgrade a water main or Service Connection, then the Authority will be responsible for all costs for such repair, replacement or upgrade.

SECTION 33: Repairs Caused by Actions of Third Parties

Whenever repairs to Service Connections, water mains or other appurtenances of the Authority's Water System are made necessary as a result of the carelessness, recklessness, negligence or other acts of third parties, the person or persons found responsible for said act or acts shall be held fully responsible for all costs of repairs and will be billed by the Authority for the costs of all repairs deemed necessary by the Authority.

SECTION 34: Restriction of Supply in Scarcity

The Authority reserves the right to restrict or regulate the supply or use of water in case of scarcity or whenever, in the exclusive judgment of the Authority, it is in the best interest of the public welfare to do so. The Authority has adopted a Drought Contingency Plan setting forth procedures for conserving and rationing water when conditions warrant such action. The Authority reserves the right from time to time to modify the Drought Contingency Plan. The Drought Contingency Plan as amended from time to time, is hereby incorporated by reference.

SECTION 35: Authority of Agents and Employees

No agent or employee of the Authority shall have authority to bind it by any promise, agreement or representation not provided for in these Rules and Regulations, unless such authority is given in writing, signed by an officer or Administrator of the Authority.

SECTION 36: Rate Schedules

The Authority hereby imposes rates and charges for providing water service to Improved Property under these rules and regulations and for providing various other services as described in these rules and regulations.

The Authority, from time to time, shall publish Schedules of Rates and Charges for providing water service to Improved Property under these rules and for various services as described in these rules and regulations. The Schedules of Rates and Charges established by the Authority, as amended by the Authority from time to time, are hereby incorporated by reference.

SECTION 37: Municipal Service Providers

A Municipal Service Provider shall be eligible to receive water service at no cost to the organization. There shall be a maximum cap on the amount of water usage. The cap will be determined by the following formula: four (4) consecutive quarter water meter readings/4 x 115%. If the usage is above this amount in any quarter, the organization shall be charged at the then current Authority rates for the amount over the cap. If the organization moves, the cap shall be recalculated using the first four quarters meter readings.

SECTION 38: Restrictions on Irrigation Systems

No permanent irrigation systems or inground sprinkler systems may be connected to the Public Water System. The use of water from the Public Water System for such purposes is strictly forbidden.

SECTION 39: Uniform and Equitable Treatment of All Customers

The Authority will develop and implement policies and procedures designed to treat all Customers of the Public Water System in a uniform and equitable fashion. If, through no fault of the Authority, the United States Environmental Protection Agency, the Pennsylvania Department of Environmental Protection or any other regulatory body with jurisdiction over the Public Water System promulgates regulations or issues administrative orders which make it impossible for the

Authority to fully fulfill its stated municipal purpose , the Authority will endeavor to put in place a solution that is fair and equitable to all Customers of the Public Water System to address this regulatory issue.