

RULE NO. 2

DESCRIPTION AND LIMITATIONS ON SERVICE

I. WATER

A. Quantities:

1. General:

The District will supply water at Customer's service connection, dependably and safely in adequate quantities to meet the reasonable needs and requirements of Customer.

2. Pressures:

In no event should flowing pressures at District's distribution main, under normal conditions, fall below 25 psi nor should the static pressure exceed 125 psi, except that during periods of hourly maximum demand, the flowing pressure at time of peak seasonal loads may be not less than 20 psi and during periods of hourly minimum demand the static pressure may not be more than 150 psi.

To maintain such pressures, the District supplies and maintains area-wide pressure reducing vaults and pump stations on its transmission mains at its own cost and expense. Individual pressure reducing valves are, in some cases, placed between the service connection and the improvement by the builder or occupant of the improvement on the premises to control water pressure within such improvement. Installation and maintenance of such individual pressure reducing valves are the responsibility of the customer and are not to be considered in any manner the responsibility of the District.

3. Contract limitations and additional water requirements:

As of 1990 the District requires any real property within the District's Sphere of Influence, map attached as Exhibit A-1, to be annexed into the District current Service Boundary, map attached as Exhibit A-2. All annexed property will be responsible for dedication of water rights acceptable to the Truckee Meadows Water Authority (TMWA) for a Will-Serve Commitment, as defined

in TMWA's Rule 7. Water Rights demands for water service to annexed property shall be calculated in accordance with the

District's Water Rights Contribution Policy, policy attached as Exhibit B, requirements in effect at the time the Water Rights are dedicated in accordance with the District's Contract for Delivery of Water Agreement with TMWA.

New development of annexed property within the District's service area requiring the upgrading or extension of mainline water or sewer facilities will be subject to provisions set out in Rule No. 16 for New Development.

In 1994, the District entered into a new Wholesale Contract for Delivery of Water Agreement with Sierra Pacific Power Company, now TMWA, which supplies treated water to the District. That agreement, for the first time, imposed a limit on the amount of water the District would be supplied under the agreement. In the event any of the developed or undeveloped property is developed in the future in such a manner requires more water to be supplied to that property than is indicated on the said map, the owner of the property will be required to purchase and dedicate the required additional acceptable water rights to the District before water service will be supplied by the District.

In addition, for reasons unable to be foreseen at this time by the District, there may in the future come a time when, due to such water delivery limitations in such Contract, the District will not have sufficient water rights to serve even undeveloped properties that are being developed consistently with such map, i.e., the District might not have water rights left under the contract to serve the development of a home on a lot where the map showed that just a home would be developed on that lot. While the District believes that it has negotiated an adequate supply of water rights for full build out of the District as contemplated on the said map without additional water rights being supplied by property owners, all owners of undeveloped property within the District are put on notice by this Rule that at some point in the future, water rights may have to be dedicated to the District by property owners to develop any type of property within the District.

4. Dedication Requirements:

Acceptable water rights shall be dedicated to TMWA on behalf of the District in accordance with the Wholesale Contract for Delivery of Water Agreement and in strict compliance with all applicable ordinances, rules, regulations, tariffs and agreements, including all rules, regulations and requirements imposed upon the District by others. All calculations of water demands shall be verified and approved by the District and must comply with TMWA's Rules.

Applicants for new and/or improved water services within the District Service Area are responsible for compliance with all TMWA Rules and Regulations, as may be amended from time to time, including dedication of additional water rights where required, and payment of TMWA's Water Resource Sustainability Fee. Such fee is subject to periodic change by TMWA and is reflected on the District's Utility Fee Schedule, referenced in Rule No. 22 as Exhibit A. Payment of this fee must be made to TMWA prior to the issuance of a TMWA Wholesale Will Serve Letter to the District.

The property owner is also required to pay any other additional TMWA fees and/or charges related to the dedication of these Water Rights. These fees will include, but not be limited to, recording fees, TMWA's fee for issuance of Wholesale Will Serve Letter and any fees to research and verify title of Water Rights proposed for dedication.

5. Project Cancellation:

Upon project cancellation, expiration or termination, the District's Will Serve Letter shall be automatically revoked and shall be null and void without further notice from the District on the date Applicant provides written notice to the District that Applicant's project is canceled, expired or is terminated by the developer or other applicable governing body. Failure to maintain compliance with District Rules and/or Regulations, after notice of same, shall also void the District's Will Serve Letter. The District will notify TMWA of such revocation.

In the District's sole discretion, the District may hold or bank Dedicated Water Resources in connection with the revoked Will Serve Letter.

B. Quality:

Whenever furnished for human consumption or for domestic uses, the utility will provide water that meets the standards of the United States Public Health Service for potable water as determined by the Nevada State Health Department.

II. SEWER

A. In General:

The District will transmit wastewater and effluent as allowed in these Rules and/or Regulations from Customer's service connection dependably and safely in such a manner as to meet the reasonable needs and requirements of Customer.

B. Capacity Limitations:

The District has allocated a cumulative 2.1M gallons per day of sewer capacity pursuant to zoning applicable on June 28, 2004, for service to Residential Service, Guest Buildings, and Attached Accessory Dwellings, Detached Accessory Dwellings, Infirm Care Units, and for Commercial Service. At such time as such allocation has been committed by way of issued Sewer Permits or "Will Serve" letters, future such service shall be provided only in the event the District is satisfied that it may be provided without threat to other limited remaining capacity allocated to full 1/3 acre residential development of the balance of the property within the District.

III. WILL SERVE

"Will Serve" letters are issued to the applicant and are transferable to another owner upon transfer of ownership of the property to which the "Will Serve" letter applies. The District's "Will Serve" is issued for a period of one year. District requirements for installation of water and sewer facilities in new construction are subject to change. Due to this, and despite the District's approval of a parcel map, subdivision map, or construction plans for a particular project, there must be after such District's approval, and in the District's sole opinion, continuous substantial construction activity on the project during the year after such approval. If not, the District may require the owner of the property to comply with any changes in the District's requirements for installation of water and sewer

facilities on the project. The District reserves the right to require new maps.

A. Requirements Prior To Will Serve Commitment:

Prior to the District issuing the "Will Serve" the following steps must be completed:

1. Development map must be reviewed and approved.
2. Water and Sewer Facilities Fees must be paid in full.
3. Water Rights (where applicable) per the District's Water Rights Contribution policy, must be dedicated towards the District Contract For Delivery of Water Agreement.

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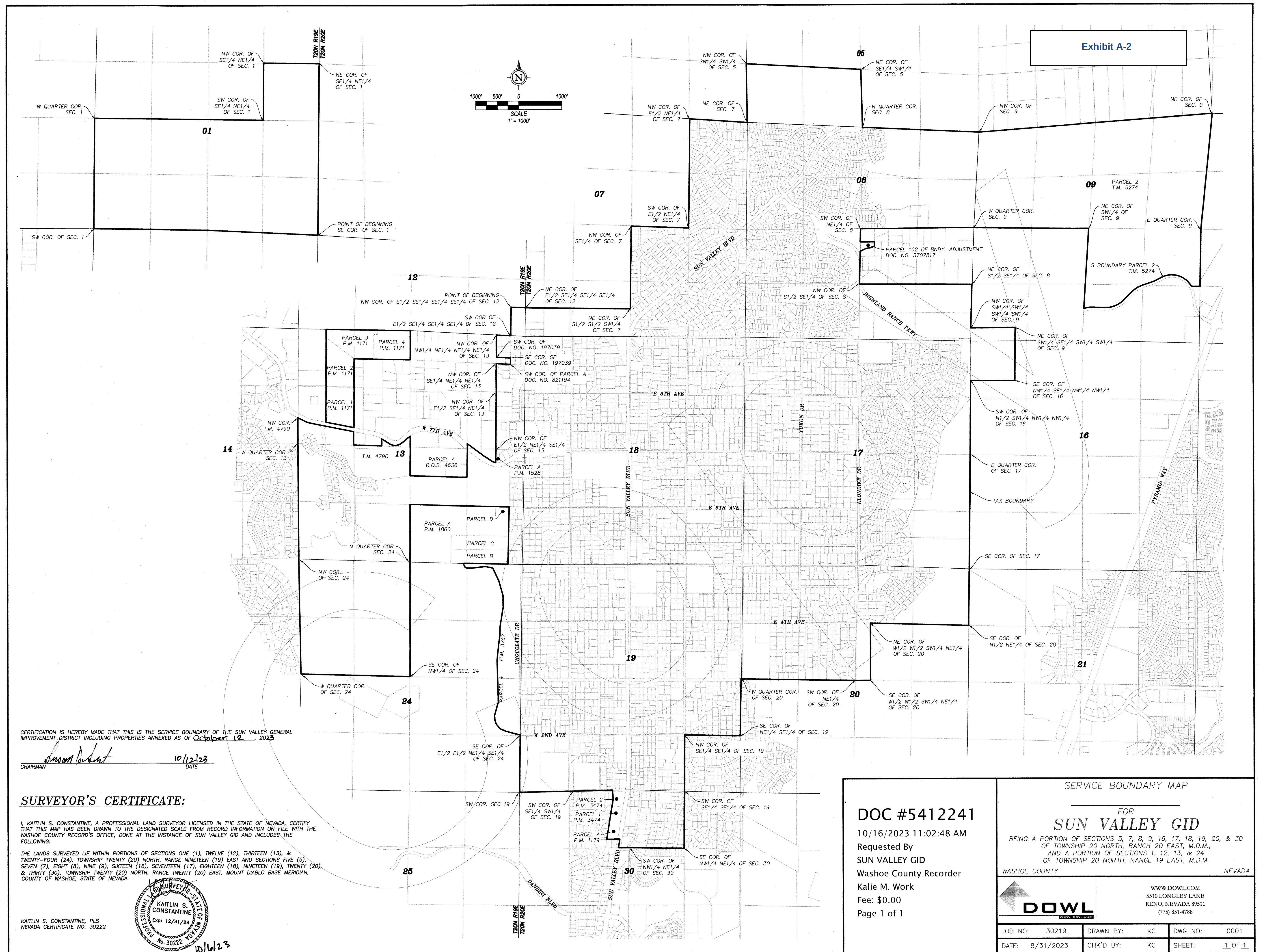
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REVISED SUN VALLEY GID WHOLESALE BOUNDARY

 County Wholesale Areas

—— TMWA Retail Boundary





**CUMULATIVE INDEXES
SHOULD BE EXAMINED
FOR ANY SUBSEQUENT
CHANGES TO THIS MAP**

B267

Exhibit B

SUN VALLEY GENERAL IMPROVEMENT DISTRICT WATER RIGHTS CONTRIBUTION POLICY

A. Demand Calculations:

To allow property owners the ability to project Water Rights demands for future projects, the District sets forth here its estimations of Water Rights demands, on an acre feet/year basis.

Demand shall mean the estimated annual quantity of water to be delivered to a property needing water service from the District.

<u>Type of Unit</u>	<u>Demand (Acre-Feet Per Year)</u>
1. Single family residential: Demand is based on the square foot lot size with a minimum Demand of .11 acre-feet per lot; $1.1 + (\frac{19,000}{\text{Lot Size}})$ estimate demands reference is made on Exhibit C	1
2. Mobile home parks, with separately metered irrigation:	.25 acre feet per space
3. Apartments, duplexes, condominiums, townhouse and similar units (with separately metered irrigation and excluding utility rooms, laundry rooms and/or recreation uses):	.11 acre feet per unit
4. Commercial or industrial services, and residential utility rooms, laundry rooms and/or recreation uses:	The District will use the best available data and estimating procedures, including consideration of data supplied by the property owner
5. Separately metered irrigation:	3.41 acre feet per acre, or, for drip systems, the demand as calculated by a qualified professional as verified by the District.

Exhibit B

The property owner shall submit to the District plans and specifications sufficient for the District to estimate Water Rights demands for property, including but not limited to:

Subdivision plats or parcel maps with square footages of lots, including landscaping plans for common irrigation areas showing turf areas, with square footage, and drip areas, all with water use calculations, or

Site plans with the layout of a proposed project, including plumbing and mechanical plans and landscaping plans showing turf areas, with square footage, and drip areas, all with water use calculations, or any other information required by the District to reasonably estimate annual demand.

As needs and/or climatic conditions arise, drought factors may be added to all the above demands. Other adjustments may be necessary to the demand calculations to account for water quantity and quality and in consideration of historic yield of water from such dedicated Water Rights.

This Water Rights Contribution policy is subject to all Rules, regulations and conditions of the Truckee Meadows Water Authority (TMWA), as such may be amended from time to time.

B. Water Rights Auditing:

After the installation of such Domestic/Irrigation Service, the District reserves the right to audit water consumption from time to time to determine the amount of acre feet actually used in Domestic/Irrigation Service on the subject property and, if applicable, take such action or require the property owner to take such action to limit water use to approved amount.

C. This Policy is subject to all other provisions of the District Rules and Regulations.