

Public Service Commission of Wisconsin

Mequon Municipal Water Utility

Purchased Water Adjustment Clause

Mequon Municipal Water Utility (utility) may apply a purchased water adjustment clause (PWAC) to its water rates set forth under Schedules F-1 and Mg-1 to reflect an increase or decrease in the rates charged by its wholesale water supplier(s), Milwaukee Water Works (wholesaler) and North Shore Water Commission (wholesaler), **and only when the wholesaler’s rates are adjusted through the conventional rate case process.** Adjustments under this PWAC that result in an increase cannot be effective until the utility has filed the PWAC application with the Public Service Commission (Commission), the utility provides notice to its customers of such change in rates, and the Commission holds a public hearing and authorizes the rate adjustments in a Final Decision.

Calculation of Adjusted Quarterly Public Fire Protection Service Charges - - - F-1

$$C = Z \times (1 + P_1 + P_2)$$

$$P_1 = (N_1 - B_1) / T$$

$$P_2 = (N_2 - B_2) / T$$

- Where:
- C = Adjusted Schedule F-1 quarterly retail service charges rounded up to the nearest cent.
 - Z = Current Schedule F-1 quarterly retail service charges.
 - P₁ = Adjustment factor (Milwaukee Water Works) rounded up to the nearest hundredth of a percent, which is four places past the decimal point (.XXXX).
 - N₁ = New Milwaukee Water Works quarterly wholesale public fire protection service charge.
 - B₁ = Current Milwaukee Water Works quarterly wholesale public fire protection service charge.
 - T = Total quarterly dollar revenue from quarterly retail service charges per Schedule F-1.
 - P₂ = Adjustment factor (North Shore Water Commission) rounded up to the nearest hundredth of a percent, which is four places past the decimal point (.XXXX).

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N_2 = New North Shore Water Commission quarterly wholesale public fire protection service charge.

B_2 = Current North Shore Water Commission quarterly wholesale public fire protection service charge.

Calculation of Adjusted Quarterly Service Charges - - - Mg-1

$$C = Z \times (1 + P_1 + P_2)$$

$$P_1 = (N_1 - B_1) / T$$

$$P_2 = (N_2 - B_2) / T$$

Where: C = Adjusted Schedule Mg-1 quarterly retail service charges rounded up to the nearest cent.

Z = Current Schedule Mg-1 quarterly retail service charges.

P_1 = Adjustment factor (Milwaukee Water Works) rounded up to the nearest hundredth of a percent, which is four places past the decimal point (.XXXX).

N_1 = New Milwaukee Water Works quarterly wholesale service charge.

B_1 = Current Milwaukee Water Works quarterly wholesale service charge.

T = Total quarterly dollar revenue from quarterly retail service charges per Schedule Mg-1.

P_2 = Adjustment factor (North Shore Water Commission) rounded up to the nearest hundredth of a percent, which is four places past the decimal point (.XXXX).

N_2 = New North Shore Water Commission quarterly wholesale service charge.

B_2 = Current North Shore Water Commission quarterly wholesale service charge.

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Purchased Water Adjustment Clause

Commodity Charge Adjustment - - - Mg-1

$$AVBR = VBR + A_1 + A_2$$

$$A_1 = (N_1 - B_1) \times MWW / (MWW + NSWC)$$

$$A_2 = (N_2 - B_2) \times NSWC / (MWW + NSWC)$$

Where: AVBR = Adjusted Schedule Mg-1 retail volume block rates rounded up to the nearest cent.

VBR = Current Schedule Mg-1 retail volume block rates.

A₁ = New Milwaukee Water Works wholesale volume rate less the current Milwaukee Water Works wholesale volume rate. (If converting from CCF to Mgal, multiply the CCF by 1.3369.)

N₁ = New Milwaukee Water Works wholesale volume rate.

B₁ = Current Milwaukee Water Works wholesale volume rate.

MWW = Most recent 12-month volume of purchased water from Milwaukee Water Works.

NSWC = Most recent 12-month volume of purchased water from North Shore Water Commission.

A₂ = New North Shore Water Commission wholesale volume rate less the current North Shore Water Commission wholesale volume rate. (If converting from CCF to Mgal, multiply the CCF by 1.3369.)

N₂ = New North Shore Water Commission wholesale volume rate.

B₂ = Current North Shore Water Commission wholesale volume rate.

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Public Fire Protection Service

Public fire protection service shall include the use of hydrants for fire protection service only and such quantities of water as may be demanded for the purpose of extinguishing fires within the service area. This service shall also include water used for testing equipment and training personnel. For all other purposes, the metered or other rates set forth, or as may be filed with the Public Service Commission shall apply.

Under Wis. Stat. § 196.03(3)(b), the municipality has chosen to have the utility bill the retail general service customers for public fire protection service.

Quarterly Public Fire Protection Service Charges:

5/8 - inch meter:	\$ 30.29	3 - inch meter:	\$ 454.38
3/4 - inch meter:	\$ 45.47	4 - inch meter:	\$ 757.30
1 - inch meter:	\$ 75.88	6 - inch meter:	\$ 1,514.59
1 1/4 - inch meter:	\$ 112.06	8 - inch meter:	\$ 2,423.05
1 1/2 - inch meter:	\$ 151.47	10 - inch meter:	\$ 3,634.73
2 - inch meter:	\$ 242.51	12 - inch meter:	\$ 4,846.11

Customers who are provided service under Schedules Mg-1, Ug-1, or Sg-1 shall also be subject to the charges in this schedule according to the size of their primary meter.

Billing: Same as Schedule Mg-1.

RATE FILE

Sheet No. 1 of 1

Schedule No. Upf-1

Amendment No. 09

Public Service Commission of Wisconsin

Mequon Municipal Water Utility

Private Fire Protection Service - Unmetered

This service shall consist of permanent or continuous unmetered connections to the main for the purpose of supplying water to private fire protection systems such as automatic sprinkler systems, standpipes, and private hydrants. This service shall also include reasonable quantities of water used for testing check valves and other backflow prevention devices.

Quarterly Private Fire Protection Service Demand Charges:

2 - inch or smaller connection - \$	34.08
3 - inch connection - \$	63.90
4 - inch connection - \$	106.50
6 - inch connection - \$	213.00
8 - inch connection - \$	340.80
10 - inch connection - \$	511.20
12 - inch connection - \$	681.60
14 - inch connection - \$	852.00
16 - inch connection - \$	1,022.40

Billing: Same as Schedule Mg-1.

Mequon Municipal Water Utility

General Service - Metered

Quarterly Service Charges:

5/8 - inch meter:	\$ 31.31	3 - inch meter:	\$ 274.31
3/4 - inch meter:	\$ 41.15	4 - inch meter:	\$ 393.59
1 - inch meter:	\$ 64.70	6 - inch meter:	\$ 629.14
1 1/4 - inch meter:	\$ 89.46	8 - inch meter:	\$ 980.97
1 1/2 - inch meter:	\$ 119.27	10 - inch meter:	\$ 1,469.97
2 - inch meter:	\$ 178.90	12 - inch meter:	\$ 1,958.96

Plus Volume Charges:

First	150,000	gallons used each quarter:	\$5.17 per 1,000 gallons
Next	350,000	gallons used each quarter:	\$4.87 per 1,000 gallons
Over	500,000	gallons used each quarter:	\$4.37 per 1,000 gallons

Billing: Bills for water service are rendered quarterly and become due and payable upon issuance following the period for which service is rendered. A late payment charge of 1 percent per month will be added to bills not paid within 20 days of issuance. This late payment charge will be applied to the total unpaid balance for utility service, including unpaid late payment charges. The late payment charge is applicable to all customers. The utility customer may be given a written notice that the bill is overdue no sooner than 20 days after the bill is issued. Unless payment or satisfactory arrangement for payment is made within the next 10 days, service may be disconnected pursuant to Wis. Adm. Code ch. PSC 185.

Combined Metering: Volumetric meter readings will be combined for billing if the utility for its own convenience places more than one meter on a single water service lateral. Multiple meters placed for the purpose of identifying water not discharged into the sanitary sewer are not considered for utility convenience and shall not be combined for billing. This requirement does not preclude the utility from combining readings when metering configurations support such an approach. Meter readings from individually metered separate service laterals shall not be combined for billing purposes.

RATE FILE

Sheet No. 1 of 1

Schedule No. OC-1

Amendment No. 09

Public Service Commission of Wisconsin

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Other Charges

Non-Sufficient Funds Charge: The utility shall assess a \$25.00 charge when a payment rendered for utility service is returned for non-sufficient funds. This charge may not be in addition to, but may be inclusive of, other non-sufficient funds charges when the payment was for multiple services.

Billing: Same as Schedule Mg-1.

RATE FILE

Sheet No. 1 of 1

Schedule No. Mpa-1

Amendment No. 09

Public Service Commission of Wisconsin

Mequon Municipal Water Utility

Public Service

Metered Service

Water used by the City of Mequon on an intermittent basis for flushing sewers, street washing, flooding skating rinks, drinking fountains, etc., shall be metered and billed according to the rates set forth in Schedule Mg-1.

Unmetered Service

Where it is impossible to meter the service, the utility shall estimate the volume of water used based on the pressure, size of opening, and the period of time the water is used. The estimated quantity shall be billed at the volumetric rates set forth in Schedule Mg-1, excluding any service charges.

Billing: Same as Schedule Mg-1.

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Sheet No. 1 of 1

Schedule No. Ug-1

Amendment No. 09

Public Service Commission of Wisconsin

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General Water Service - Unmetered

Service may be supplied temporarily on an unmetered basis where the utility cannot immediately install a water meter, including water used for construction. Unmetered service shall be billed the amount that would be charged to a metered residential customer using 16,000 gallons of water per quarter under Schedule Mg-1, including the service charge for a 5/8-inch meter. If the utility determines that actual usage exceeds 16,000 gallons of water per quarter, an additional charge for the estimated excess usage shall be made according to the rates under Schedule Mg-1.

This schedule applies only to customers with a 1-inch or smaller service connection. For customers with a larger service connection, the utility shall install a temporary meter and charges shall be based on the rates set forth under Schedule Mg-1.

Billing: Same as Schedule Mg-1.

RATE FILE

Sheet No. 1 of 1

Schedule No. Sg-1

Amendment No. 09

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Mequon Municipal Water Utility

Seasonal Service

Seasonal customers are general service customers who voluntarily request disconnection of water service and who resume service at the same location within 12 months of the disconnection, unless service has been provided to another customer at that location in the intervening period. The utility shall bill seasonal customers the applicable service charges under Schedule Mg-1 year-round, including the period of temporary disconnection.

Seasonal service shall include customers taking service under Schedule Mg-1 or Schedule Ug-1.

Upon reconnection, the utility shall apply a charge under Schedule R-1 and require payment of any unpaid charges under this schedule.

Billing: Same as Schedule Mg-1, unless the utility and customer agree to an alternative payment schedule for the period of voluntary disconnection.

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Bulk Water

All bulk water supplied from the water system through hydrants or other connections shall be metered or estimated by the utility. Utility personnel or a party approved by the utility shall supervise the delivery of water.

Bulk water sales are:

- A. Water supplied by tank trucks or from hydrants for the purpose of extinguishing fires outside the utility's service area;
- B. Water supplied by tank trucks or from hydrants for purposes other than extinguishing fires, such as water used for irrigation or filling swimming pools; or,
- C. Water supplied from hydrants or other temporary connections for general service type applications, except that Schedule UG-1 applies for water supplied for construction purposes.

A service charge of \$50.00 and a charge for the volume of water used shall be billed to the party using the water. The volumetric charge shall be calculated using the highest volumetric rate for residential customers under Schedule Mg-1. In addition, for meters that are assigned to bulk water customers for more than 7 days, the applicable service charge in Schedule Mg-1 will apply after the first 7 days.

The water utility may require a reasonable deposit for the temporary use of its equipment under this and other rate schedules. The deposit(s) collected shall be refunded upon return of the utility's equipment. Damaged or lost equipment shall be repaired or replaced at the customer's expense.

Billing: Same as Schedule Mg-1.

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Sheet No. 1 of 1

Schedule No. R-1

Amendment No. 09

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Mequon Municipal Water Utility

Reconnection Charges

The utility shall assess a charge to reconnect a customer, which includes reinstalling a meter and turning on the valve at the curb stop, if necessary. A utility may not assess a charge for disconnecting a customer.

During normal business hours:	\$50.00
After normal business hours:	\$75.00

Billing: Same as Schedule Mg-1.

RATE FILE

Sheet No. 1 of 1

Schedule No. Cz-1

Amendment No. 09

Public Service Commission of Wisconsin

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Water Lateral Installation Charge

The utility shall charge a customer for the actual cost of installing a water service lateral from the main through curb stop and box if these costs are not contributed as part of a subdivision development or otherwise recovered under Wis. Stats. Chapter 66.

Billing: Same as Schedule Mg-1.

Public Service Commission of Wisconsin

Mequon Municipal Water Utility

Water Utility Operating Rules

Compliance with Rules

All persons now receiving water service from this water utility, or who may request service in the future, shall be considered as having agreed to be bound by the rules and regulations as filed with the Public Service Commission of Wisconsin.

Establishment of Service

Application for water service may be made in writing on a form furnished by the water utility. The application will contain the legal description of the property to be served, the name of the owner, the exact use to be made of the service, and the size of the service lateral and meter desired. Note particularly any special refrigeration, fire protection, or water-consuming air-conditioning equipment.

Service will be furnished only if (1) the premises have a frontage on a properly platted street or public strip in which a cast iron or other long-life water main has been laid, or where the property owner has agreed to and complied with the provisions of the water utility's filed main extension rule, (2) the property owner has installed or agrees to install a service lateral from the curb stop to the point of use that is not less than 6 feet below the surface of an established or proposed grade and meets the water utility's specifications, and (3) the premises have adequate piping beyond the metering point.

The owner of a multi-unit dwelling has the option of being served by individual metered water service to each unit. The owner, by selecting this option, is required to provide interior plumbing and meter settings to enable individual metered service to each unit and individual disconnection without affecting service to other units. Each meter and meter connection will be treated as a separate water utility account for the purpose of the filed rules and regulations.

No division of the water service lateral to any lot or parcel of land shall be made for the extension and independent metering of the supply to an adjoining lot or parcel of land. Except for duplexes, no division of a water service lateral shall be made at the curb for separate supplies for two or more separate premises having frontage on any street or public service strip, whether owned by the same or different parties. Duplexes may be served by one lateral provided (1) individual metered service and disconnection is provided and (2) it is permitted by local ordinance.

Buildings used in the same business, located on the same parcel, and served by a single lateral may have the customer's water supply piping installed to a central point so that volume can be metered in one place.

The water utility may withhold approval of any application where full information of the purpose of such supply is not clearly indicated and set forth by the applicant property owner.

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Water Utility Operating Rules

Reconnection of Service

Where the water utility has disconnected service at the customer's request, a reconnection charge shall be made when the customer requests reconnection of service. See Schedule R-1 for the applicable rate.

A reconnection charge shall also be required from customers whose services are disconnected (shut off at curb stop box) because of nonpayment of bills when due. See Schedule R-1 for the applicable rate.

If reconnection is requested for the same location by any member of the same household, or, if a place of business, by any partner of the same business, it shall be considered as the same customer.

Temporary Metered Service, Meter, and Deposits

An applicant for temporary water service on a metered basis shall make and maintain a monetary deposit for each meter installed as security for payment for use of water and for such other charges which may arise from the use of the supply. A charge shall be made for setting the valve and furnishing and setting the meter. See Schedule BW-1 for the applicable rate.

Water for Construction

When water is requested for construction purposes or for filling tanks or other such uses, an application shall be made to the water utility, in writing, giving a statement of the amount of construction work to be done or the size of the tank to be filled, etc. Payment for the water for construction may be required in advance at the scheduled rates. The service lateral must be installed into the building before water can be used. No connection with the service lateral at the curb shall be made without special permission from the water utility. In no case will any employee of the water utility turn on water for construction work unless the contractor has obtained permission from the water utility.

Customers shall not allow contractors, masons, or other persons to take unmetered water from their premises without permission from the water utility. Any customer failing to comply with this provision may have water service discontinued and will be responsible for the cost of the estimated volume of water used.

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Water Utility Operating Rules

Use of Hydrants

In cases where no other supply is available, permission may be granted by the water utility to use a hydrant. No hydrant shall be used until the proper meter and valve are installed. In no case shall any valve be installed or moved except by an employee of the water utility.

Before a valve is set, payment must be made for its setting and for the water to be used at the scheduled rates. Where applicable, see Schedule BW-1 for deposits and charges. Upon completing the use of the hydrant, the customer must notify the water utility to that effect.

Operation of Valves and Hydrants and Unauthorized Use of Water - Penalty

Any person who shall, without authority of the water utility, allow contractors, masons, or other unauthorized persons to take water from their premises, operate any valve connected with the street or supply mains, or open any fire hydrant connected with the distribution system, except for the purpose of extinguishing fire, or who shall wantonly damage or impair the same, shall be subject to a fine as provided by municipal ordinance. Utility permission for the use of hydrants applies only to such hydrants that are designated for the specific use.

Refunds of Monetary Deposits

All money deposited as security for payment of charges arising from the use of temporary water service on a metered basis, or for the return of a hydrant valve and fixtures if the water is used on an unmetered basis, will be refunded to the depositor on the termination of the use of water, the payment of all charges levied against the depositor, and the return of the water utility's equipment.

Service Laterals

No water service lateral shall be laid through any trench having cinders, rubbish, rock or gravel fill, or any other material which may cause injury to or disintegration of the service lateral, unless adequate means of protection are provided by sand filling or such other insulation as may be approved by the water utility. Service laterals passing through curb or retaining walls shall be adequately safeguarded by provision of a channel space or pipe casing not less than twice the diameter of the service connection. The space between the service lateral and the channel or pipe casing shall be filled and lightly caulked with an oakum, mastic cement, or other resilient material and made impervious to moisture.

In backfilling the pipe trench, the service lateral must be protected against injury by carefully hand tamping the ground filling around the pipe. There should be at least 6 inches of ground filling over the pipe, and it should be free from hard lumps, rocks, stones, or other injurious material.

Public Service Commission of Wisconsin

Mequon Municipal Water Utility

Water Utility Operating Rules

Service Laterals (continued)

All water service laterals shall be of undiminished size from the street main into the point of meter placement. Beyond the meter outlet valve, the piping shall be sized and proportioned to provide, on all floors, at all times, an equitable distribution of the water supply for the greatest probable number of fixtures or appliances operating simultaneously.

Replacement and Repair of Service Laterals

The service lateral from the main to and through the curb stop will be maintained and kept in repair and, when worn out, replaced at the expense of the water utility. The property owner shall maintain the service lateral from the curb stop to the point of use.

If an owner fails to repair a leaking or broken service lateral from the curb to the point of metering or use within such time as may appear reasonable to the water utility after notification has been served on the owner by the water utility, the water will be shut off and will not be turned on again until the repairs have been completed.

Abandonment of Service

If a property owner changes the use of a property currently receiving water service such that water service will no longer be needed in the future, the water utility may require the abandonment of the water service at the water main. In such case, the property owner may be responsible for all removal and/or repair costs, including the water main and the utility portion of the water service lateral.

Charges for Water Wasted Due to Leaks

See Wis. Admin. Code § PSC 185.35.

Thawing Frozen Service Laterals

See Wis. Admin. Code § PSC 185.88.

Curb Stop Boxes

The curb stop box is the property of the water utility. The water utility is responsible for its repair and maintenance. This includes maintaining, through adjustment, the curb stop box at an appropriate grade level where no direct action by the property owner or occupant has contributed to an elevation problem. The property owner is responsible for protecting the curb stop box from situations that could obstruct access to it or unduly expose it to harm. The water utility shall not be liable for failure to locate the curb stop box and shut off the water in case of a leak on the owner's premises.

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Water Utility Operating Rules

Installation of Meters

Meters will be owned, furnished, and installed by the water utility or a utility-approved contractor and are not to be disconnected or tampered with by the customer. All meters shall be so located that they shall be protected from obstructions and permit ready access for reading, inspection, and servicing, such location to be designated or approved by the water utility. All piping within the building must be supplied by the owner. Where additional meters are desired by the owner, the owner shall pay for all piping. Where applicable, see Schedule Am-1 for rates.

Repairs to Meters

Meters will be repaired by the water utility, and the cost of such repairs caused by ordinary wear and tear will be borne by the water utility.

Repair of any damage to a meter resulting from the carelessness of the owner of the premises, owner's agent, or tenant, or from the negligence of any one of them to properly secure and protect same, including any damage that may result from allowing a water meter to become frozen or to be damaged from the presence of hot water or steam in the meter, shall be paid for by the customer or the owner of the premises.

Service Piping for Meter Settings

Where the original service piping is installed for a new metered customer, where existing service piping is changed for the customer's convenience, or where a new meter is installed for an existing unmetered customer, the owner of the premises at his/her expense shall provide a suitable location and the proper connections for the meter. The meter setting and associated plumbing shall comply with the water utility's standards. The water utility should be consulted as to the type and size of the meter setting.

Turning on Water

The water may only be turned on for a customer by an authorized employee of the water utility. Plumbers may turn the water on to test their work, but upon completion must leave the water turned off.

Sprinkling Restrictions and Emergency Water Conditions

Where the municipality has a policy regarding sprinkling restrictions and/or emergency water conditions, failure to comply with such may result in disconnection of service.

See Wis. Admin. Code § PSC 185.37.

Public Service Commission of Wisconsin

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Water Utility Operating Rules

Failure to Read Meters

Where the water utility is unable to read a meter, the fact will be plainly indicated on the bill, and either an estimated bill will be computed or the minimum charge applied. The difference shall be adjusted when the meter is again read, that is, the bill for the succeeding billing period will be computed with the gallons or cubic feet in each block of the rate schedule doubled, and credit will be given on that bill for the amount of the bill paid the preceding period. Only in unusual cases shall more than three consecutive estimated or minimum bills be rendered.

If the meter is damaged (see Surreptitious Use of Water) or fails to operate, the bill will be based on the average use during the past year, unless there is some reason why the use is not normal. If the average use cannot be properly determined, the bill will be estimated by some equitable method.

See Wis. Admin. Code § PSC 185.33.

Complaint Meter Tests

See Wis. Admin. Code § PSC 185.77.

Inspection of Premises

During reasonable hours, any officer or authorized employee of the water utility shall have the right of access to the premises supplied with service for the purpose of inspection or for the enforcement of the water utility's rules and regulations. Whenever appropriate, the water utility will make a systematic inspection of all unmetered water taps for the purpose of checking waste and unnecessary use of water.

See Wis. Stat. § 196.171.

Vacation of Premises

When premises are to be vacated, the water utility shall be notified, in writing, at once, so that it may remove the meter and shut off the water supply at the curb stop. The owner of the premises shall be liable for prosecution for any damage to the water utility's property. See "Abandonment of Service" in Schedule X-1 for further information.

Deposits for Residential Service

See Wis. Admin. Code § PSC 185.36.

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Water Utility Operating Rules

Deposits for Nonresidential Service

See Wis. Admin. Code § PSC 185.361.

Deferred Payment Agreement

See Wis. Admin. Code § PSC 185.38.

Dispute Procedures

See Wis. Admin. Code § PSC 185.39.

Disconnection and Refusal of Service

See Wis. Admin. Code § PSC 185.37.

The following is an example of a disconnection notice that the utility may use to provide the required notice to customers.

DISCONNECTION NOTICE

Dear Customer:

The bill enclosed with this notice includes your current charge for water utility service and your previous unpaid balance.

You have 10 days to pay the water utility service arrears or your service is subject to disconnection.

If you fail to pay the service arrears or fail to contact us within the 10 days allowed to make reasonable deferred payment arrangement or other suitable arrangement, we will proceed with disconnection action.

To avoid the inconvenience of service interruption and an additional charge of (amount) for reconnection, we urge you to pay the full arrears IMMEDIATELY AT ONE OF OUR OFFICES.

If you have entered into a Deferred Payment Agreement with us and have failed to make the deferred payments you agreed to, your service will be subject to disconnection unless you pay the entire amount due within 10 days.

If you have a reason for delaying the payment, call us and explain the situation.

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Water Utility Operating Rules

Disconnection and Refusal of Service (continued)

DISCONNECTION NOTICE (continued)

PLEASE CALL THIS TELEPHONE NUMBER, (telephone number), IMMEDIATELY IF:

1. You dispute the notice of delinquent account.
2. You have a question about your water utility service arrears.
3. You are unable to pay the full amount of the bill and are willing to enter into a deferred payment agreement with us.
4. There are any circumstances you think should be taken into consideration before service is discontinued.
5. Any resident is seriously ill.

Illness Provision: If there is an existing medical emergency in your home and you furnish the water utility with a statement signed by either a licensed Wisconsin physician or a public health official, we will delay disconnection of service up to 21 days. The statement must identify the medical emergency and specify the period of time during which disconnection will aggravate the existing emergency.

Deferred Payment Agreements: If you are a residential customer and you are unable to pay the full amount of the water utility service arrears on your bill, you may contact the water utility to discuss arrangements to pay the arrears over an extended period of time.

This time payment agreement will require:

1. Payment of a reasonable amount at the time the agreement is made.
2. Payment of the remainder of the outstanding balance in monthly installments over a reasonable length of time.
3. Payment of all future water utility service bills in full by the due date.

In any situation where you are unable to resolve billing disputes or disputes about the grounds for proposed disconnection through contacts with our water utility, you may make an appeal to the Public Service Commission of Wisconsin by calling (800) 225-7729.

(WATER UTILITY NAME)

Public Service Commission of Wisconsin

Mequon Municipal Water Utility

Water Utility Operating Rules

Collection of Overdue Bills

An amount owed by the customer may be levied as a tax as provided in Wis. Stat. § 66.0809.

Surreptitious Use of Water

When the water utility has reasonable evidence that a person is obtaining water, in whole or in part, by means of devices or methods used to stop or interfere with the proper metering of the water utility service being delivered, the water utility reserves the right to estimate and present immediately a bill for unmetered service as a result of such interference, and such bill shall be payable subject to a 24-hour disconnection of service. If the water utility disconnects the service for any such reason, the water utility will reconnect the service upon the following conditions:

- A. The customer will be required to deposit with the water utility an amount sufficient to guarantee the payment of the bills for water utility service.
- B. The customer will be required to pay the water utility for any and all damages to water utility equipment resulting from such interference with the metering.
- C. The customer must further agree to comply with reasonable requirements to protect the water utility against further losses.

See Wis. Stat. §§ 98.26 and 943.20.

Repairs to Mains

The water utility reserves the right to shut off the water supply in the mains temporarily to make repairs, alterations, or additions to the plant or system. When the circumstances will permit, the water utility will give notification, by newspaper publication or otherwise, of the discontinuance of the water supply. No credit will be allowed to customers for such temporary suspension of the water supply.

See Wis. Admin. Code § PSC 185.87.

Duty of Water Utility with Respect to Safety of the Public

It shall be the duty of the water utility to see that all open ditches for water mains, hydrants, and service laterals are properly guarded to prevent accident to any person or vehicle, and at night there shall be displayed proper signal lighting to insure the safety of the public.

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Water Utility Operating Rules

Handling Water Mains and Service Laterals in Excavation Trenches

Contractors must call Digger’s Hotline and ensure a location is done to establish the existence and location of all water mains and service laterals as provided in Wis. Stat. § 182.0175. Where water mains or service laterals have been removed, cut, or damaged during trench excavation, the contractors must, at their own expense, cause them to be replaced or repaired at once. Contractors must not shut off the water service laterals to any customer for a period exceeding 6 hours.

Protective Devices

- A. Protective Devices in General: The owner or occupant of every premise receiving water supply shall apply and maintain suitable means of protection of the premise supply and all appliances against damage arising in any manner from the use of the water supply, variation of water pressure, or any interruption of water supply. Particularly, such owner or occupant must protect water-cooled compressors for refrigeration systems by means of high and/or low pressure safety cutout devices. There shall likewise be provided means for the prevention of the transmission of water ram or noise of operation of any valve or appliance through the piping of their own or adjacent premises.

- B. Relief Valves: On all "closed systems" (i.e., systems having a check valve, pressure regulator, reducing valve, water filter, or softener), an effective pressure relief valve shall be installed at or near the top of the hot water tank or at the hot water distribution pipe connection to the tank. No stop valve shall be placed between the hot water tank and the relief valve or on the drain pipe. See applicable plumbing codes.

- C. Air Chambers: An air chamber or approved shock absorber shall be installed at the terminus of each riser, fixture branch, or hydraulic elevator main for the prevention of undue water hammer. The air chamber shall be sized in conformance with local plumbing codes. Where possible, the air chamber should be provided at its base with a valve for water drainage and replenishment of air.

Cross-Connections

Every person owning or occupying a premise receiving municipal water supply shall maintain such municipal water supply free from any connection, either of a direct or of an indirect nature, with a water supply from a foreign source or of any manner of connection with any fixture or appliance whereby water from a foreign supply or the waste from any fixture, appliance, or waste or soil pipe may flow or be siphoned or pumped into the piping of the municipal water system.

See Wis. Admin. Code § NR 811.09.

RATE FILE

Sheet No. 1 of 1

Schedule No. X-2

Amendment No. 09

Public Service Commission of Wisconsin

Mequon Municipal Water Utility

Water Main Extension Rule

Please refer to the utility's Customer Connection Rules on file with the Commission.

RATE FILE

Sheet No. 1 of 1

Schedule No. X-3

Amendment No. 09

Public Service Commission of Wisconsin

Mequon Municipal Water Utility

Water Main Installations in Platted Subdivisions

Please refer to the utility's Customer Connection Rules on file with the Commission.

July 2010

Mequon Water Utility
Customer Connection Rules
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Mequon Water Utility

Customer Connection Rules

A. General Purpose

These rules for connecting Customers to the Mequon Water Utility are designed to guide Customers and Mequon Water Utility staff in connecting new Customers fairly and equitably.

These rules are designed to be as transparent as possible. The calculation of the Connection Charge a new Water Utility Customer will be required to pay for connecting to the water system will consider both the costs of constructing new water facilities and the use of existing System Facilities as well as the revenues expected from both the Person applying for water service and potential New Customers.

For administrative simplicity and Customer understanding, the Connection Charge assessed a New Customer will be calculated using Standard Costs and Standard Revenues where applicable. Standard Costs are an average, over time, of actual costs incurred to serve a Customer of similar type and size, adjusted to reflect projected changes in those costs for the current year. Because the cost of mains can vary significantly, the Utility will decide in its judgment whether or not to use Standard Costs. Further explanation can be found in the definitions, calculation worksheets, and the examples and tables found in the Appendices to these rules.

Experience shows that strict application of these rules will fit the vast majority of situations. However, there will be a few unique situations where strict application of these rules, in the judgment of the Utility, will produce results that are unfair either to the New Customer or existing Customers. In such situations the Utility reserves the right to use its judgment to arrive at a result that will be fair and equitable to the New Customer as well as existing Customers.

B. Residential Customer Connections

The following are the types of residential Customer connections covered by these rules:

- On-Main
- Off-Main
- New Development (Residential)
- Residential Water Trust, Existing Common Well System

(1) On-Main

(a) *General.* The Utility will provide service to an On-Main residential New Customer, provided the New Customer pays the Connection Charge determined by the Utility. Generally, the Utility will install facilities in the public right-of-way to the New Customer's lot line, and the new Customer will be responsible for installing required facilities that meet the Utility's specifications from the outlet of the Curb Stop, normally at the lot line, to and throughout the building. However, the Utility will install the Meter.

(b) *Facilities.* An On-Main residential New Customer will require new facilities to enable the Utility to provide service. See Illustration 1. These facilities will be installed by the Utility or installed by the Customer, as set out below. A New Customer also makes use of existing System Facilities.

1. Facilities Installed By The Utility

- Street Lateral, including appurtenances such as the tap connecting to the Local Delivery Main, valves and Curb Stop
- Meter

2. Existing Facilities Used By The Customer

- Local Delivery Main
- System Facilities, including Supply Mains, meter pits, pump stations, main over-sizing, and storage facilities

3. Facilities Installed By The Customer

- Private Lateral, including valves
- Interior Piping, including plumbing ready for installing the Meter and disconnecting the existing source of water, typically a private well

(c) Cost Calculation

1. Facilities Installed By The Utility

The cost of new facilities included in the Connection Charge for an On-Main residential New Customer will be standardized and shall include the following:

- Standard Street Lateral Cost. Current year Standard Street Lateral Costs can be found in Table 1.
- The Utility shall install the minimum size Meter that it determines to be necessary to provide adequate and reliable service, the cost of which is embedded in the water rates the New Customer will pay and is not included in the Connection Charge.

If, in the judgment of the Utility, the Utility does not have sufficient Customers of similar size and usage or sufficient recent cost history for the facilities to be installed to enable it to calculate an accurate Standard Cost, then the Connection Charge will include the actual installed cost of the facilities.

2. Existing Facilities Used By The Customer

The cost of existing facilities included in the Connection Charge for an On-Main residential New Customer will be standardized and shall include the following:

- Standard Local Delivery Main Cost. Current year Standard Local Delivery Main Costs can be found in Table 2. However, if the Local Delivery Main is subject to a Refund Agreement, the Local Delivery Main Cost will be as stated in the Refund Agreement.
- Standard System Cost. Current year Standard System Cost can be found in Table 3.

3. Facilities Installed By The Customer

An On-Main residential New Customer is responsible for arranging and paying for the installation of facilities required to connect the building to the Utility water system and to physically disconnect the building from its previous source of water. These include the following.

- Private Lateral, including valves
- Interior Piping, including plumbing ready for installing the Meter and disconnecting the existing source of water, typically a private well

(d) Customer Responsibilities With Respect To Water Facilities

The Customer is responsible for maintaining and ensuring access to the Curb Stop and other water facilities on the Customer's property.

(e) Revenue Credit. An On-Main residential New Customer shall be entitled to a Revenue Credit to offset part or all of the Connection Charge. This credit reflects the capital costs and other Fixed Costs of System Facilities that are embedded in the water rates the new Customer will pay. In no event shall the Revenue Credit exceed the Connection Charge.

The Standard Revenue Credit can be expressed in the following formula.

Present Value of the incremental net revenue expected from the Customer for ten (10) years using a discount rate determined by the Water Utility, where Incremental revenue is the estimated gross revenue less the variable cost for water, meter reading, billing, and other incremental operating costs associated with serving a Customer.

The Standard Revenue Credit can be found in Table 4.

(f) Refund Agreement. The Local Delivery Main to which an On-Main residential New Customer connects may be subject to a Refund Agreement specifying the cost of the Local Delivery Main to be used in calculating the Connection Charge for a New Customer. In no event shall the Refund Agreement provide for a Connection Charge payable by an additional New Customer in excess of the Connection Charge a New Customer would pay if a new Local Delivery Main were required to serve the New Customer.

(g) Calculation of Connection Charge. The sum total Connection Charge to be paid by an On-Main residential New Customer to the Utility, less the Revenue Credit, can be expressed in the following formula.

Connection Charge = Street Lateral Cost + Local Delivery Main Cost or the amount specified in the Refund Agreement, if applicable + System Costs – Revenue Credit

(2) Off-Main

(a) General. The Utility will provide service to an Off-Main residential New Customer, provided the new Customer pays the Connection Charge determined by the Utility. Generally, the Utility will install facilities in the public right-of-way to the New Customer's lot line, and the New Customer will be responsible for installing required facilities that meet the Utility's specifications from the outlet of the Curb Stop, normally at the lot line, to and throughout the building. However, the Utility will install the Meter.

(b) Facilities. An Off-Main residential New Customer will require new facilities to enable the Utility to provide service. See Illustration 2. These facilities will be installed by the Utility or installed by the Customer, as set out below. A New Customer also makes use of existing System Facilities.

1. Facilities Installed By The Utility

- Local Delivery Main. The Utility will install an extension to a Local Delivery Main adequate to serve the water demands and fire flow needs of that Customer. The extension of a Local Delivery Main varies from project to project for a number of reasons, such as the water demands, fire flow needs, diameter of the pipe, construction conditions, the number of feet that have to be bored, the extent of ground restoration required, and other factors. The Utility will select the best route from where the existing water system ends to where the Customer is located. A public right-of-way available to lay the Local Delivery Main is required unless the Utility has determined that an easement will be sufficient.

The size of the extension to a Local Delivery Main shall be determined by the Utility. The Utility maintains a computer model of its water system to determine standard pipe sizing. In cases where a fire hydrant is required, the minimum diameter is 8 inches, except for an extension to a Local Delivery Main of 500 feet or less in a cul-de-sac, where a 6-inch main may be adequate.

- Street Lateral, including appurtenances such as the tap connecting to the Local Delivery Main, valves and Curb Stop
- Meter

2. Existing Facilities Used By The Customer

- System Facilities, including Supply Mains, meter pits, pump stations, main over-sizing, and storage facilities

3. Facilities Installed By The Customer

- Private Lateral, including valves
- Interior Piping, including plumbing ready for installing the Meter and disconnecting the existing source of water, typically a private well

(c) Cost Calculation.

1. Facilities Installed By The Utility

The cost of new facilities included in the Connection Charge for an Off-Main residential New Customer will be standardized and shall include the following:

- Standard Local Delivery Main Cost. If the Utility desires to install a larger diameter main, the Utility will pay the over-sizing cost. The Local Main Cost included in the Connection Charge is as follows.
- If the extension of a Local Delivery Main is 1,000 feet or less, the Utility will estimate the Standard Local Delivery Main Cost based on recent bids it received for Local Delivery Mains of the same size. The Utility will then provide the Customer with a not-to-exceed price for the extension of the Local Delivery Main. See Table 5.
- If the extension of a Local Delivery Main exceeds 1,000 feet, the Utility will conduct a preliminary engineering study to estimate the actual cost of the extension of the Local Delivery Main. The Utility will then provide the Customer with a not-to-exceed price for the extension of the Local Delivery Main. The Customer will be charged for the preliminary engineering study.
- If, for an extension of a Local Delivery Main exceeding 1,000 feet, after the Utility has performed a preliminary engineering study and provided the Customer with a not-to-exceed cost, the Customer desires a construction bid to determine the cost of the extension of the Local Delivery Main, the Utility will bid the Local Delivery Main extension project, and the Customer will be charged the price stated in the accepted bid. The Customer will also be charged the cost of the bidding process, which includes the costs of bid preparation through bid acceptance.
- Standard Street Lateral Cost. Current year Standard Street Lateral Costs can be found in Table 1.
- The Utility shall install the minimum size Meter that it determines to be necessary to provide adequate and reliable service, the cost of which is embedded in the water rates the New Customer will pay and is not included in the Connection Charge.

If, in the judgment of the Utility, the Utility does not have sufficient Customers of similar size and usage or sufficient recent cost history for the facilities to be installed to enable it to calculate an accurate Standard Cost, then the Connection Charge will include the actual installed cost of the facilities.

2. Existing Facilities Used By The Customer

The cost of existing facilities included in the Connection Charge for an Off-Main residential New Customer will be standardized and shall include the following:

- Standard System Cost. Current year Standard System Cost can be found in Table 3.

3. Facilities Installed By The Customer

An Off-Main residential New Customer is responsible for arranging and paying for the installation of facilities required to connect the building to the Utility water system and to physically disconnect the building from its previous source of water. These include the following.

- Private Lateral, including valves
- Interior Piping, including plumbing ready for installing the Meter and disconnecting the existing source of water, typically a private well

(d) Customer Responsibilities With Respect To Water Facilities

The Customer is responsible for maintaining and ensuring access to the Curb Stop and other water facilities on the Customer's property.

(e) Revenue Credit. An Off-Main residential New Customer shall be entitled to a Revenue Credit to offset all or part of the Connection Charge. This credit reflects the capital costs and other Fixed Costs of System Facilities that are embedded in the water rates the New Customer will pay. In no event shall the Revenue Credit exceed the Connection Charge.

The Standard Revenue Credit can be expressed in the following formula.

Present Value of the incremental net revenue expected from the Customer for ten (10) years using a discount rate determined by the Water Utility, where Incremental revenue is the estimated gross revenue less the variable cost for water, meter reading, billing, and other incremental operating costs associated with serving a Customer.

The Standard Revenue Credit can be found in Table 4.

(f) Additional New Customer Credit/Refund Agreement. The Standard Local Delivery Main Cost is included in the Connection Charge payable by an Off-Main residential New Customer. The Utility shall calculate an Additional New Customer Credit based on the number of additional New Customers the Utility estimates, in its judgment, are likely to connect to the Local Delivery Main Extension during the succeeding ten (10) years. The Connection Charge will be reduced by the amount of the Additional New Customer Credit, which will be calculated by multiplying the average cost per REU of the Local Delivery Main Extension times the number of REU's the Utility estimates will connect to that section of main during the succeeding ten (10) years. The original Customer will receive no further refunds or charges, regardless of the number of New Customers who ultimately connect to the Local Delivery Main Extension.

In lieu of an Additional New Customer Credit, the Utility and the Customer may enter into a Refund Agreement specifying the amount of refund due to the New Customer if additional New Customers connect to the Local Delivery Main Extension within the succeeding ten (10) years. In no event shall the Refund Agreement provide for a Connection Charge payable by an additional New Customer in excess of the Connection Charge a New Customer would pay if no Refund Agreement were in place.

(g) Calculation of Connection Charge. The sum total Connection Charge to be paid by an Off-Main residential New Customer to the Utility, less the Revenue Credit, can be expressed in the following formula.

$$\text{Connection Charge} = \text{Local Main Extension Cost} + \text{Street Lateral Cost} + \text{System Costs} - \text{Revenue Credit} - \text{Additional New Customer Credit, if applicable}$$

(3) New Development (Residential)

(a) General. When a Developer builds a new residential Development, the Developer must design and build the water distribution system to Utility specifications. The Developer will then contribute that water distribution system in the public right-of-way or easement to the Utility. The Developer will also compensate the Utility for inspection, computer modeling, engineering review, operational and laboratory testing, meter testing, administrative, and legal costs related to connecting the Development to the Utility's water system as provided in the Development Agreement or Water Service Application.

The Utility will provide service to a Development, provided the Developer has installed a water distribution system to Utility specifications and has contributed that system to the Utility. Generally, the Utility will accept contribution of the Developer's water distribution system in the public right-of-way or easement. The Utility may, in its discretion, accept water distribution facilities located in private easements. The New Customer will be responsible for facilities that the Developer installed from the outlet of the Curb Stop, normally at the lot line, to and throughout the building. However, the Utility will install the Meters.

(b) Customer Connections. New Customers in a Development will not have to pay Connection Charges to the Utility.

(c) Facilities. A new Development will require facilities to enable the Utility to provide service. These facilities will be installed by the Utility or installed by the Developer or builder, as set out below.

1. Facilities Installed By The Utility

- Connecting Main, unless the Development Agreement provides that the Developer will install the Connecting Main and contribute it to the Utility. The Utility will install a Connecting Main adequate to serve that water demands and fire flow needs of the new Development. Connecting Main varies from project to project for a number of reasons, such as the diameter of the pipe, construction conditions, the number of feet that have to be bored, the extent of ground restoration required, and other factors. Water demands and fire flow needs of the Development are also taken into account. The Utility will select, in its judgment, the best route from where the existing water system ends to the Development. A public right-of-way available to lay the Connecting Main is required unless the Utility determines that an easement will be sufficient.

The size of the Connecting Main shall be determined by the Utility. The Utility maintains a computer model of the water system to determine standard pipe sizing.

- Meters

2. Facilities Installed By The Developer

- Local Delivery Main.
- Street Lateral, including appurtenances such as the tap connecting to the Local Delivery Main, valves and Curb Stop

3. Facilities Installed By The Developer or Builder

- Private Laterals, including valves
- Interior Piping, including plumbing ready for installing the Meters and disconnecting the existing source of water, typically a private well

(d) Cost Calculation.

1. Facilities Installed By The Utility

The cost of new facilities included in the Connection Charge to a Developer for a new residential Development shall include the following:

Standard Connecting Main. If the Utility desires to install a larger diameter Connecting Main, the Utility will pay the over-sizing cost. Current year Connecting Main Costs can be found in Table 5.

- The Development Agreement may specify that the Developer will install and pay for the Connecting Main.
- The Utility shall install the minimum size meters that it determines to be necessary to provide adequate and reliable service, the cost of which are embedded in the water rates the New Customer will pay and are not included in the Connection Charge.

If, in the judgment of the Utility, the Utility does not have sufficient Customers of similar size and usage or sufficient recent cost history for the facilities to be installed to enable it to calculate an accurate Standard Cost, then the Connection Charge will include the actual installed cost of the facilities.

2. Facilities Installed By The Developer

The Developer is responsible for arranging and paying for the installation of new facilities required to connect the existing and planned buildings to the Utility water system and to physically disconnect any existing building from its previous source of water. These include the following.

- Local Delivery Main. If the Utility desires to have a larger diameter main, the Utility will pay the over-sizing cost.
- Street Lateral, including appurtenances such as Local Delivery Main connection tap, valves and Curb Stop
- Any other facilities specified in the Development Agreement

3. Facilities Installed By The Developer, Builder or Customer

The Developer, Builder or Customer is responsible for arranging and paying for the installation of new facilities required to connect the existing and planned buildings to the Utility water system and to physically disconnect the building from the previous source of water. These include the following.

- Private Laterals, including valves
- Interior Piping, including plumbing ready for installing the Meters and disconnecting the existing source of water, typically a private well

(e) Customer Responsibilities With Respect To Water Facilities

The Customer is responsible for maintaining and ensuring access to the Curb Stop and other water facilities on the Customer's property.

(f) Revenue Credit. Neither the Developer nor a New Customer connecting to a Developer-contributed water system shall be entitled to a Revenue Credit.

(g) Additional New Customer Credit/Refund Agreement. The Standard Connecting Main Cost is included in the Connection Charge payable by a Developer. The Utility shall calculate an Additional New Customer Credit based on the number of additional new Customers the Utility estimates, in its judgment, are likely to connect to the Connecting Main during the succeeding ten (10) years. The Connection Charge will be reduced by the amount of the Additional New Customer Credit, which will be calculated by multiplying the average cost per REU of the Connecting Main Extension times the number of REU's the Utility estimates will connect to that section of main during the succeeding ten (10) years. The Developer will receive no further refunds or charges, regardless of the number of New Customers who ultimately connect to the Connecting Main.

In lieu of an Additional New Customer Credit, the Utility and the Developer may enter into a Refund Agreement specifying the amount of refund due to the Developer if additional New Customers connect to the Connecting Main within the succeeding ten (10) years. In no event shall the Refund Agreement provide for a Connection Charge payable by an additional New Customer in excess of the Connection Charge a New Customer would pay if no Refund Agreement were in place.

(h) *Calculation of Connection Charge.* The Connection Charge is separate and apart from the requirement that they contribute the Local Delivery Main, Street Lateral and appurtenances that comprise its water system to the Utility. The sum total Connection Charge to be paid by the Developer of a residential Development to the Utility can be expressed in the following formula.

$\text{Connection Charge} = \text{Connecting Main Cost} - \text{Additional New Customer Credit, if applicable}$

(4) *Water Trusts (Existing Common Well Systems)*

(a) *General.* The Utility will provide service to all residential New Customers served by a Water Trust, provided the Water Trust pays the Connection Charge determined by the Utility. Generally, the Water Trust will be responsible for installing required facilities that meet the Utility's specifications, and the Utility will accept a contribution of those facilities in the public right-of-way. The Utility may, in its discretion, accept facilities located in private easements. Either the Water Trust or property owner will be responsible for facilities from the outlet of the Curb Stop, normally at the lot line, to and throughout the building. However, the Utility will install the meter.

The Connection Charge for Water Trusts vary due to the condition of the Water Trust pipe system, the feet of Connecting Main required to connect the Water Trust to the Utility's system, and the number of Customers who are members of the Water Trust.

The Utility will conduct a review of the Water Trust facilities to be contributed to the Utility and determine what replacements, repairs and upgrades are necessary to make the facilities meet Utility standards. The cost to bring these facilities to Utility standards, if to be paid by the Utility, shall be included in the Connection Charge. The Water Trust By-Laws or other governing instruments determine how the Connection Charge paid by the Water Trust will be apportioned among the members of the Water Trust.

(b) *Facilities*. A Water Trust may require new, repaired or upgraded facilities to enable the Utility to provide service to the member of the Water Trust. See Illustration 3. These facilities will be installed by the Utility or installed by the Water Trust, as set out below. A Water Trust also makes use of existing System Facilities.

1. *Facilities Installed, Repaired Or Upgraded By The Utility Unless The Agreement Between The Utility And The Water Trust (The Water Trust Connection Agreement) Provides That The Water Trust Will Install, Repair Or Upgrade And Pay For The Facilities*

- **Connecting Main.** The Utility will install a Connecting Main adequate to serve that water demands and fire flow needs of the Water Trust. Connecting Main varies from project to project for a number of reasons, such as the diameter of the pipe, construction conditions, the number of feet that have to be bored, the extent of ground restoration required, and other factors. Water demands and fire flow needs of the Water Trust are also taken into account. The Utility will select, in its judgment, the best route from where the existing water system ends to the Water Trust water system. A public right-of-way available to lay the Connecting Main is required unless the Utility determines that an easement will be sufficient.

The size of the Connecting Main shall be determined by the Utility. The Utility maintains a computer model of the water system to determine standard pipe sizing.

- **Local Delivery Main.** The Utility will install a Local Delivery Main adequate to serve that water demands and fire flow needs of the Water Trust. The size of the Local Delivery Main shall be determined by the Utility. The Utility maintains a computer model of its water system to determine standard pipe sizing. In cases where a fire hydrant is required the minimum diameter is 8 inches, except for a Local Delivery Main Extension of 500 feet or less in cul-de-sacs, where a 6-inch main may be adequate.
- **Street Laterals, including appurtenances such as the tap connecting to the Local Delivery Main, valves and Curb Stop**
- **Meters**

2. *Existing Facilities Used By The Water Trust*

- **System Facilities, including Supply Mains, meter pits, pump stations, main over-sizing, and storage facilities**

3. Facilities Installed By The Water Trust Unless The Water Trust Connection Agreement Provides That The Utility Will Install And Pay For These Facilities

- Private Lateral, including valves, meeting the Utility’s specifications
- Interior Piping, including plumbing ready for installing the Meter and disconnecting the existing source of water, typically a private well
- Abandonment of existing wells or permitting to use the wells for irrigation only

(c) Cost Calculation.

1. Facilities Installed, Repaired Or Upgraded By The Utility Unless The Agreement Between The Utility And The Water Trust Provides That The Water Trust Will Install, Repair Or Upgrade And Pay For The Facilities

The Connection Charge shall include the costs incurred by the Utility to install, repair or upgrade the Water Trust distribution system contributed to the Utility if the Utility determines in its judgment that the age and condition of the system facilities necessitate that work. If the Utility determines that the Water Trust distribution system meets Utility Standards, or if the Utility and the Water Trust agree that the Water Trust will install, repair or upgrade the Water Trust distribution system to Utility standards, no replacement, upgrade or repair charge shall be included in the Connection Charge. The cost of new facilities included in the Connection Charge for a Water Trust will be standardized and shall include the following:

- Standard Connecting Main. If the Utility desires to install a larger diameter Connecting Main, the Utility will pay the over-sizing cost. Current year Connecting Main Costs can be found in Table 5.

The Water Trust Connection Agreement may specify that the Water Trust will install the Connecting Main.

- If the Utility decides, in its judgment, to replace the Local Delivery Main, the Connection Charge will include the Standard Local Delivery Main Cost. If the Utility desires to install a larger diameter Main, the Utility will pay the over-sizing cost.
- If the extension of a Local Delivery Main is 1,000 feet or less, the Utility will estimate the Standard Local Delivery Main Cost based on recent bids it received for Local Delivery Mains of the same size. The Utility will then provide the Water Trust with a not-to-exceed price for the extension of the Local Delivery Main. See Table 5.

- If the extension of a Local Delivery Main exceeds 1,000 feet, the Utility will conduct a preliminary engineering study to estimate the actual cost of the extension of the Local Delivery Main. The Utility will then provide the Water Trust with a not-to-exceed price for the extension of the Local Delivery Main. The Water Trust will be charged for the preliminary engineering study.
- If, for an extension of a Local Delivery Main exceeding 1,000 feet, after the Utility has performed a preliminary engineering study and provided the Water Trust with a not-to-exceed cost, the Water Trust desires a construction bid to determine the cost of the extension of the Local Delivery Main, the Utility will bid the Local Delivery Main extension project, and the Water Trust will be charged the price stated in the accepted bid. The Water Trust will also be charged the cost of the bidding process, which includes the costs of bid preparation through bid acceptance.
- If the Utility decides, in its judgment, to replace a Street Lateral, the Connection Charge will include the Standard Street Lateral Cost. Current year Standard Street Lateral Costs can be found in Table 1.
- The Utility shall install the minimum size Meters that it determines to be necessary to provide adequate and reliable service, the costs of which are embedded in the water rates the New Customers will pay and are not included in the Connection Charge.

If, in the judgment of the Utility, the Utility does not have sufficient Customers of similar size and usage or sufficient recent cost history for the facilities to be installed to enable it to calculate an accurate Standard Cost, then the Connection Charge will include the actual installed cost of the facilities.

2. Existing Facilities Used By The Water Trust

The cost of existing facilities included in the Connection Charge for New Customers served by a Water Trust will be standardized and shall include the following.

- Standard System Cost. Current year Standard System Cost can be found in Table 3.

3. Facilities Installed By The Water Trust or Customer

The Water Trust, or New Customer if so provided in the Water Trust Connection Agreement, is responsible for arranging and paying for the installation of new facilities required to connect the buildings to the Utility water system and to physically disconnect the buildings from their previous source of water. These include the following.

- Private Lateral cost, including valves
- Interior Piping cost, including plumbing ready for installing the Meter and disconnecting the existing source of water, typically a private well
- Abandonment of existing wells or permitting to use the wells for irrigation only

(d) Customer Responsibilities With Respect To Water Facilities

The Customer is responsible for maintaining and ensuring access to the Curb Stop and other water facilities on the Customer's property.

(e) Revenue Credit. A Water Trust shall be entitled to a Revenue Credit to offset all or part of the Connection Charge. This credit reflects the capital costs and other Fixed Costs of System Facilities that are embedded in the water rates the new Customers will pay. In no event shall the Revenue Credit exceed the Connection Charge.

The Revenue Credit can be expressed in the following formula.

Present Value of the incremental net revenue expected from the Customer for ten (10) years using a discount rate determined by the Water Utility, which incremental revenue is the estimated gross revenue less the variable cost for water, meter reading, billing, and other incremental operating costs associated with serving a Customer.

The Standard Revenue Credit can be found in Table 4.

(f) Additional New Customer Credit. The Connecting Main Cost and Local Distribution Main Extension Cost, if applicable, are included in the Connection Charge payable by a Water Trust. The Utility shall calculate an Additional New Customer Credit based on the number of additional new Customers the Utility estimates, in its judgment, are likely to connect to the Connecting Main and/or the Local Delivery Main Extension during the succeeding ten (10) years. The Connection Charge will be reduced by the amount of the Additional New Customer Credit, which will be calculated by multiplying the average cost per REU of the Connecting Main Extension and Local Distribution Main Extension times the number of REU's the Utility estimates will connect to those sections of main during the succeeding ten (10) years. The Water Trust will receive no further refunds or charges, regardless of the number of New Customers who ultimately connect to the Connecting Main Extension or Local Delivery Main Extension.

(g) Calculation of Connection Charge. The sum total Connection Charge to be paid to the Utility by a Water Trust, less the Revenue Credit, can be expressed in the following formula. The Connection Charge is separate and apart from the costs borne directly by the Water Trust as specified in the Water Trust Connection Agreement.

Connection Charge = Connecting Main Cost + System Costs + Local Delivery Main Extension Cost (if any) + Street Lateral Cost (if any) – Revenue Credit – Additional New Customer Credits, if any + Upgrade Costs, if any

C. Commercial Customer Connections

The following are the types of commercial Customer connections covered by these rules:

- On-Main
- Off-Main
- Commercial or Industrial Development
- Commercial Water Trusts

(1) *General.* The Utility will provide service to a commercial New Customer, provided the New Customer pays the Connection Charge determined by the Utility. Commercial Customers are often unique in their water requirements or their location. Accordingly, a commercial New Customer will pay a standardized Connection Charge or will pay the actual cost of the facilities installed to serve the Customer, plus System Costs, as determined by the Utility in its judgment. The Connection Charge will vary depending on a number of factors, such as whether the commercial New Customer is On-Main or Off-Main and the Customer's fire protection requirements.

If the Local Delivery Main has existing capacity to serve the commercial New Customer, the following On-Main rules will apply. If the Local Delivery Main does not have existing capacity to serve the commercial New Customer, the Off-Main rules will apply.

(2) *On-Main*

(a) *General.* The Utility will provide service to a On-Main commercial New Customer, provided the New Customer pays the Connection Charge determined by the Utility. Generally, the Utility will install facilities in the public right-of-way to the New Customer's lot line, and the New Customer will be responsible for installing required facilities that meet the Utility's specifications from the outlet of the Curb Stop at the lot line to and into the building. However, the Utility will install the meter.

If the Local Delivery Main does not have the capacity to serve the new commercial Customer, the Off-Main rules will apply.

(b) *Facilities.* An On-Main commercial New Customer will require new facilities to enable the Utility to provide service. See Figure 3. These facilities will be installed by the Utility or installed by the Customer, as set out below. A new On-Main commercial Customer also makes use of existing System Facilities.

1. Facilities Installed By The Utility

- Street Lateral, including appurtenances such as the tap connecting to the Local Delivery Main, valves and Curb Stop
- Meter

2. Existing Facilities Used By The Customer

- Local Delivery Main
- System Facilities, including Supply Mains, meter pits, pump stations, main over-sizing, and storage facilities

3. Facilities Installed By The Customer

- Private Lateral, including valves
- Interior Piping, including plumbing ready for installing the Meter and disconnecting the existing source of water, typically a private well

(c) Cost Calculation.

1. Facilities Installed By The Utility

The cost of new facilities included in the Connection Charge for a new On-Main commercial Customer will be standardized, if possible, and shall include the following:

- Standard Street Lateral Cost. Current year Standard Street Lateral costs can be found in Table 1.
- The Utility shall install the minimum size meter that it determines to be necessary to provide adequate and reliable service, the cost of which is embedded in the water rates the New Customer will pay and is not included in the Connection Charge.

If, in the judgment of the Utility, the Utility does not have sufficient Customers of similar size and usage or sufficient recent cost history for the facilities to be installed to enable it to calculate an accurate Standard Cost, then the Connection Charge will include the actual installed cost of the facilities.

2. Existing Facilities Used By The Customer

The cost of existing facilities included in the Connection Charge for a new On-Main commercial Customer will be standardized and shall include the following:

- Standard Local Delivery Main Cost. Current year Standard Local Delivery Mains Cost can be found in Table 2. However, if the Local Delivery Main is subject to a Refund Agreement, the Local Delivery Main Cost will be as stated in the Refund Agreement.
- Standard System Cost. Current year Standard System Cost can be found in Table 3.

3. Facilities Installed By The Customer

An On-Main commercial New Customer is responsible for arranging and paying for the installation of facilities required to connect the building to the Utility water system and to physically disconnect the building from its previous source of water. These include the following.

- Private Lateral cost, including valves
- Interior Piping, including plumbing ready for installing the Meter and disconnecting the existing source of water, typically a private well

(d) Customer Responsibilities With Respect To Water Facilities

The Customer is responsible for maintaining and ensuring access to the Curb Stop and other water facilities on the Customer's property.

(e) Revenue Credit. A new On-Main commercial Customer shall be entitled to a Revenue Credit to offset part or all of the Connection Charge. This credit reflects the payment of capital costs and other System Costs that are embedded in the water rates the new Customer will pay. In no event shall the Revenue Credit exceed the Connection Charge.

The Standard Revenue Credit can be expressed in the formula below.

Present Value of the incremental net revenue expected from the Customer for ten (10) years using a discount rate determined by the Water Utility, where Incremental revenue is the estimated gross revenue less the variable cost for water, meter reading, billing, and other incremental operating costs associated with serving a Customer.

The Standard Revenue Credit for Customers of similar types and sizes can be found in Table 4.

(f) Refund Agreement. The Local Delivery Main to which an On-Main commercial New Customer connects may be subject to a Refund Agreement specifying the cost of the Local Delivery Main to be used in calculating the Connection Charge for a New Customer. In no event shall the Refund Agreement provide for a Connection Charge payable by an additional New Customer in excess of the Connection Charge a New Customer would pay if a new Local Delivery Main were required to serve the New Customer.

(g) Calculation of Connection Charge. The sum total Connection Charge to be paid by an On-Main commercial New Customer to the Utility, less the Revenue Credit, can be expressed in the formula below.

$$\text{Connection Charge} = \text{Street Lateral Cost} + \text{Local Delivery Main Cost or the amount specified in a Refund Agreement, if applicable} + \text{System Costs} - \text{Revenue Credit}$$

(3) Off-Main

(a) General. The Utility will provide service to an Off-Main commercial New Customer, provided the new Customer pays the Connection Charge determined by the Utility. Generally, the Utility will install facilities in the public right-of-way to the New Customer's lot line, and the New Customer will be responsible for installing required facilities that meet the Utility's specifications from the outlet of the Curb Stop, normally at the lot line, to and throughout the building. However, the Utility will install the Meter.

(b) Facilities. An Off-Main commercial New Customer will require new facilities to enable the Utility to provide service. These facilities will be installed by the Utility or installed by the Customer, as set out below. An Off-Main commercial New Customer also makes use of existing System Facilities.

1. Facilities Installed By The Utility

- Connecting Main, if necessary, or unless the Water Service Agreement provides that the New Customer will install the Connecting Main and contribute it to the Utility. The Utility will install a Connecting Main adequate to serve the water demands and fire flow needs of the Water Trust. Connecting Main varies from project to project for a number of reasons, such as the diameter of the pipe, construction conditions, the number of feet that have to be bored, the extent of ground restoration required, and other factors. Water demands and fire flow needs of the New Customer are also taken into account. The Utility will select, in its judgment, the best route from where the existing water system ends to the New Customer. A public right-of-way available to lay the Connecting Main is required unless the Utility determines that an easement will be sufficient.

The size of the Connecting Main shall be determined by the Utility. The Utility maintains a computer model of the water system to determine standard pipe sizing.

- Local Delivery Main. The Utility will install an extension to a Local Delivery Main adequate to serve the water demands and fire flow needs of that Customer. The extension of a Local Delivery Main varies from project to project for a number of reasons, such as the water demands, fire flow needs, diameter of the pipe, construction conditions, the number of feet that have to be bored, the extent of ground restoration required, and other factors. The Utility will select the best route from where the existing water system ends to where the Customer is located. A public right-of-way available to lay the Local Delivery Main is required unless the Utility has determined that an easement will be sufficient.

The size of the extension to a Local Delivery Main shall be determined by the Utility. The Utility maintains a computer model of its water system to determine standard pipe sizing. In cases where a fire hydrant is required, the minimum diameter is 8 inches, except for an extension to a Local Delivery Main of 500 feet or less in a cul-de-sac, where a 6-inch main may be adequate.

- Street Lateral, including appurtenances such as the tap connecting to the Local Delivery Main, valves and Curb Stop
- Meter

2. Existing Facilities Used By The Customer

- System Facilities, including supply mains, meter pits, pump stations, main over-sizing, and storage facilities

3. Facilities Installed By The Customer

- Private Lateral, including valves
- Interior Piping, including plumbing ready for installing the Meter and disconnecting the existing source of water, typically a private well

(c) Cost Calculation.

1. Facilities Installed By The Utility

The cost of new facilities included in the Connection Charge for a new Off-Main commercial Customer will be standardized, if possible, and shall include the following:

- Standard Connecting Main Cost. If the Utility desires to install a larger diameter Connecting Main, the Utility will pay the over-sizing cost. Current year Standard Connecting Main Costs can be found in Table 5.
- Standard Local Delivery Main Cost. If the Utility desires to install a larger diameter main, the Utility will pay the over-sizing cost. The Standard Local Main Cost included in the Connection Charge is as follows.
- If the extension of a Local Delivery Main is 1,000 feet or less, the Utility will estimate the Standard Local Delivery Main Cost based on recent bids it received for Local Delivery Mains of the same size. The Utility will then provide the Customer with a not-to-exceed price for the extension of the Local Delivery Main. See Table 5.
- If the extension of a Local Delivery Main exceeds 1,000 feet, the Utility will conduct a preliminary engineering study to estimate the actual cost of the extension of the Local Delivery Main. The Utility will then provide the Customer with a not-to-exceed price for the extension of the Local Delivery Main. The Customer will be charged for the preliminary engineering study.
- If, for an extension of a Local Delivery Main exceeding 1,000 feet, after the Utility has performed a preliminary engineering study and provided the Customer with a not-to-exceed cost, the Customer desires a construction bid to determine the cost of the extension of the Local Delivery Main, the Utility will bid the Local Delivery Main extension project, and the Customer will be charged the price stated in the accepted bid. The Customer will also be charged the cost of the bidding process, which includes the costs of bid preparation through bid acceptance.

- Standard Street Lateral Cost. Current year Standard Street Lateral Costs can be found in Table 1.
- The Utility shall install the minimum size meter that it determines to be necessary to provide adequate and reliable service, the cost of which is embedded in the water rates the New Customer will pay and is not included in the Connection Charge.

If, in the judgment of the Utility, the Utility does not have sufficient Customers of similar size and usage or sufficient recent cost history for the facilities to be installed to be able to calculate an accurate Standard Cost, then the Connection Charge will include the actual installed cost of the facilities.

2. Existing Facilities Used By The Customer

The cost of existing facilities included in the Connection Charge for a new Off-Main commercial Customer will be standardized and shall be calculated as follows:

- Standard System Cost. Current year Standard System Cost can be found in Table 3.

3. Facilities Installed By The Customer

A new On-Main commercial Customer is responsible for arranging and paying for the installation of facilities required to connect the building to the Utility water system and to physically disconnect the building from its previous source of water. These include the following.

- Private Lateral cost, including valves
- Interior Piping cost, including plumbing ready for installing the Meter and disconnecting the existing source of water, typically a private well

(d) Customer Responsibilities With Respect To Water Facilities

The Customer is responsible for maintaining and ensuring access to the Curb Stop and other water facilities on the Customer's property.

(e) Revenue Credit. An Off-Main commercial New Customer shall be entitled to a Revenue Credit to offset all or part of the Connection Cost. This credit reflects the capital costs and other Fixed Costs of System Facilities that are embedded in the water rates the new Customer will pay. In no event shall the Revenue Credit exceed the Connection Charge.

The Revenue Credit can be expressed in the formula below.

Present Value of the incremental net revenue expected from the Customer for ten (10) years using a discount rate determined by the Water Utility, where Incremental revenue is the estimated gross revenue less the variable cost for water, meter reading, billing, and other incremental operating costs associated with serving a Customer.

The Standard Revenue Credit can be found in Table 4.

(f) Refund Agreement/Additional New Customer Credit. The Standard Local Delivery Main Cost is included in the Connection Charge payable by an Off-Main commercial New Customer. The Utility shall calculate an Additional New Customer Credit based on the number of additional New Customers the Utility estimates, in its judgment, are likely to connect to the Local Delivery Main Extension during the succeeding ten (10) years. The Connection Charge will be reduced by the amount of the Additional New Customer Credit, which will be calculated by multiplying the average cost per REU of the Local Delivery Main Extension times the number of REU's the Utility estimates will connect to that section of main during the succeeding ten (10) years. The original Customer will receive no further refunds or charges, regardless of the number of New Customers who ultimately connect to the Local Delivery Main Extension.

In lieu of an Additional New Customer Credit, the Utility and the Customer may enter into a Refund Agreement specifying the amount of refund due to the New Customer if additional New Customers connect to the Local Delivery Main Extension within the succeeding ten (10) years. In no event shall the Refund Agreement provide for a Connection Charge payable by an additional New Customer in excess of the Connection Charge a New Customer would pay if no Refund Agreement were in place.

(g) Calculation of Connection Charge. The sum total of costs to be paid by a new Off-Main commercial Customer to the Utility, less the Revenue Credit, can be expressed in the formula below.

Connection Charge = Local Main Extension Cost + Street Lateral Cost + System Costs – Revenue Credit - Additional Customer Credit, if applicable

(4) New Development

(a) General. When a Developer builds a new commercial Development, the Developer must design and build the water distribution system to Utility specifications. The Developer will then contribute that water distribution system in the public right-of-way or easement to the Utility. The Developer will also compensate the Utility for inspection, computer modeling, engineering review, operational and laboratory testing, meter testing, administrative, and legal costs related to connecting the Development to the Utility's water system as provided in the Development Agreement or Water Service Application.

The Utility will provide service to a commercial New Customer in a Development, provided the Developer has installed a water distribution system to Utility specifications and has contributed that system to the Utility. Generally, the Utility will accept contribution of the Developer's water distribution system in the public right-of-way or easement. The Utility may, in its discretion, accept water distribution facilities located in private easements. The New Customer will be responsible for facilities that the Developer installed from the outlet of the Curb Stop, normally at the lot line, to and throughout the building. However, the Utility will install the Meters.

(b) Customer Connections. New Customers in a Development will not have to pay Connection Charges to the Utility.

(c) Facilities. A new Development will require facilities to enable the Utility to provide service. See Illustration 3. These facilities will be installed by the Utility or installed by the Developer or builder, as set out below.

1. Facilities Installed By The Utility

- Connecting Main, unless the Development Agreement provides that the Developer will install the Connecting Main and contribute it to the Utility. The Utility will install a Connecting Main adequate to serve that water demands and fire flow needs of the new Development. Connecting Main varies from project to project for a number of reasons, such as the diameter of the pipe, construction conditions, the number of feet that have to be bored, the extent of ground restoration required, and other factors. Water demands and fire flow needs of the Development are also taken into account. The Utility will select, in its judgment, the best route from where the existing water system ends to the Development. A public right-of-way available to lay the Connecting Main is required unless the Utility determines that an easement will be sufficient.

The size of the Connecting Main shall be determined by the Utility. The Utility maintains a computer model of the water system to determine standard pipe sizing.

- Meters

2. Facilities Installed By The Developer

- Local Delivery Main.
- Street Lateral, including appurtenances such as the tap connecting to the Local Delivery Main, valves and Curb Stop

3. Facilities Installed By The Developer or Builder

- Private Laterals, including valves
- Interior Piping, including plumbing ready for installing the Meters and disconnecting the existing source of water, typically a private well

(d) Cost Calculation.

1. Facilities Installed By The Utility

The cost of new facilities included in the Connection Charge to a Developer for a new residential Development shall be include the following:

- Standard Connecting Main. If the Utility desires to install a larger diameter Connecting Main, the Utility will pay the over-sizing cost. Current year Connecting Main Costs can be found in Table 5.
- The Development Agreement may specify that the Developer will install and pay for the Connecting Main.
- The Utility shall install the minimum size meters that it determines to be necessary to provide adequate and reliable service, the cost of which are embedded in the water rates the New Customer will pay and are not included in the Connection Charge.

If, in the judgment of the Utility, the Utility does not have sufficient Customers of similar size and usage or sufficient recent cost history for the facilities to be installed to enable it to calculate an accurate Standard Cost, then the Connection Charge will include the actual installed cost of the facilities.

2. Facilities Installed By The Developer

The Developer is responsible for arranging and paying for the installation of new facilities required to connect the existing and planned buildings to the Utility water system and to physically disconnect any existing building from its previous source of water. These include the following.

- Local Delivery Main. If the Utility desires to have a larger diameter main, the Utility will pay the over-sizing cost.

- Street Lateral, including appurtenances such as Local Delivery Main connection tap, valves and Curb Stop
- Any other facilities specified in the Development Agreement

3. Facilities Installed By The Developer, Builder or Customer

The Developer, Builder or Customer is responsible for arranging and paying for the installation of new facilities required to connect the existing and planned buildings to the Utility water system and to physically disconnect the building from the previous source of water. These include the following.

- Private Laterals, including valves
- Interior Piping, including plumbing ready for installing the Meters and disconnecting the existing source of water, typically a private well

(e) Customer Responsibilities With Respect To Water Facilities

The Customer is responsible for maintaining and ensuring access to the Curb Stop and other water facilities on the Customer's property.

(f) Revenue Credit. Neither the Developer nor a Customer connecting to a Developer-contributed water system shall be entitled to a Revenue Credit.

(g) Additional New Customer Credit/Refund Agreement. The Connecting Main Cost is included in the Connection Charge payable by a Developer. The Utility shall calculate an Additional New Customer Credit based on the number of additional new Customers the Utility estimates, in its judgment, are likely to connect to the Connecting Main during the succeeding ten (10) years. The Connection Charge will be reduced by the amount of the Additional New Customer Credit, which will be calculated by multiplying the average cost per REU of the Connecting Main Extension times the number of REU's the Utility estimates will connect to that section of main during the succeeding ten (10) years. The Developer will receive no further refunds or charges, regardless of the number of New Customers who ultimately connect to the Connecting Main.

In lieu of an Additional New Customer Credit, the Utility and the Developer may enter into a Refund Agreement specifying the amount of refund due to the Developer if additional New Customers connect to the Connecting Main within the succeeding ten (10) years. In no event shall the Refund Agreement provide for a Connection Charge payable by an additional New Customer in excess of the Connection Charge a New Customer would pay if no Refund Agreement were in place.

(h) Calculation of Connection Charge. The Connection Charge is separate and apart from the requirement that the developer contribute the Local Delivery Main, Street Lateral and appurtenances that comprise its water system to the Utility. The sum total Connection Charge to be paid by the Developer of a commercial Development to the Utility can be expressed in the following formula.

$$\text{Connection Charge} = \text{Connecting Main Cost} - \text{Additional New Customer Credit, if applicable}$$

(5) Water Trusts (Existing Common Well Systems)

(a) General. The Utility will provide service to all New Customers served by a Water Trust, provided the Water Trust pays the Connection Charge determined by the Utility. Generally, the Water Trust will be responsible for installing required facilities that meet the Utility's specifications, and the Utility will accept a contribution of those facilities in the public right-of-way. The Utility may, in its discretion, accept facilities located in private easements. Either the Water Trust or property owner will be responsible for facilities from the outlet of the Curb Stop, normally at the lot line, to and throughout the building. However, the Utility will install the meter.

The Connection Charge for Water Trusts vary due to the condition of the Water Trust pipe system, the feet of Connecting Main required to connect the Water Trust to the Utility's system, and the number of Customers who are members of the Water Trust.

The Utility will conduct a review of the Water Trust facilities to be contributed to the Utility and determine what replacements, repairs and upgrades are necessary to make the facilities meet Utility standards. The cost to bring these facilities to Utility standards, if to be paid by the Utility, shall be included in the Connection Charge. The Water Trust By-Laws or other governing instruments determine how the Connection Charge paid by the Water Trust will be apportioned among the members of the Water Trust.

(b) Facilities. A Water Trust may be required to provide new, repaired or upgraded facilities to enable the Utility to provide service to the members of the Water Trust. These facilities will be installed by the Utility or installed by the Water Trust, as set out below. A Water Trust also makes use of existing System Facilities.

1. Facilities Installed, Repaired Or Upgraded By The Utility Unless The Agreement Between The Utility And The Water Trust (The Water Trust Connection Agreement) Provides That The Water Trust Will Install, Repair Or Upgrade And Pay For The Facilities

- Connecting Main. The Utility will install a Connecting Main adequate to serve that water demands and fire flow needs of the Water Trust. Connecting Main varies from project to project for a number of reasons, such as the diameter of the pipe, construction conditions, the number of feet that have to be bored, the extent of ground restoration required, and other factors. Water demands and fire flow needs of the Water Trust are also taken into account. The Utility will select, in its judgment, the best route from where the existing water system ends to the Water Trust water system. A public right-of-way available to lay the Connecting Main is required unless the Utility determines that an easement will be sufficient.

The size of the Connecting Main shall be determined by the Utility. The Utility maintains a computer model of the water system to determine standard pipe sizing.

- Local Delivery Main. The Utility will install a Local Delivery Main adequate to serve that water demands and fire flow needs of the Water Trust. The size of the Local Delivery Main shall be determined by the Utility. The Utility maintains a computer model of its water system to determine standard pipe sizing. In cases where a fire hydrant is required the minimum diameter is 8 inches, except for a Local Delivery Main Extension of 500 feet or less in cul-de-sacs, where a 6-inch main may be adequate.
- Street Laterals, including appurtenances such as the tap connecting to the Local Delivery Main, valves and Curb Stop
- Meters

2. Existing Facilities Used By The Water Trust

- System Facilities, including Supply Mains, meter pits, pump stations, main over-sizing, and storage facilities

3. Facilities Installed By The Water Trust Unless The Water Trust Connection Agreement Provides That The Utility Will Install And Pay For These Facilities

- Private Lateral, including valves, meeting the Utility's specifications
- Interior Piping, including plumbing ready for installing the Meter and disconnecting the existing source of water, typically a private well
- Abandonment of existing wells or permitting to use the wells for irrigation only

(c) Cost Calculation.1. Facilities Installed, Repaired Or Upgraded By The Utility Unless The Agreement Between The Utility And The Water Trust Provides That The Water Trust Will Install, Repair Or Upgrade And Pay For The Facilities

The Connection Charge shall include the costs incurred by the Utility to install, repair or upgrade the Water Trust distribution system contributed to the Utility if the Utility determines in its judgment that the age and condition of the system facilities necessitate that work. If the Utility determines that the Water Trust distribution system meets Utility Standards, or if the Utility and the Water Trust agree that the Water Trust will install, repair or upgrade the Water Trust distribution system to Utility standards, no replacement, upgrade or repair charge shall be included in the Connection Charge. The cost of new facilities included in the Connection Charge for a Water Trust will be standardized and shall include the following:

- Standard Connecting Main. If the Utility desires to install a larger diameter Connecting Main, the Utility will pay the over-sizing cost. Current year Connecting Main Costs can be found in Table 5.

The Water Trust Connection Agreement may specify that the Water Trust will install the Connecting Main.

- If the Utility decides, in its judgment, to replace the Local Delivery Main, the Connection Charge will include the Standard Local Delivery Main Cost. If the Utility desires to install a larger diameter Main, the Utility will pay the over-sizing cost.
- If the extension of a Local Delivery Main is 1,000 feet or less, the Utility will estimate the Standard Local Delivery Main Cost based on recent bids it received for Local Delivery Mains of the same size. The Utility will then provide the Water Trust with a not-to-exceed price for the extension of the Local Delivery Main. See Table 5.
- If the extension of a Local Delivery Main exceeds 1,000 feet, the Utility will conduct a preliminary engineering study to estimate the actual cost of the extension of the Local Delivery Main. The Utility will then provide the Water Trust with a not-to-exceed price for the extension of the Local Delivery Main. The Water Trust will be charged for the preliminary engineering study.

- If, for an extension of a Local Delivery Main exceeding 1,000 feet, after the Utility has performed a preliminary engineering study and provided the Water Trust with a not-to-exceed cost, the Water Trust desires a construction bid to determine the cost of the extension of the Local Delivery Main, the Utility will bid the Local Delivery Main extension project, and the Water Trust will be charged the price stated in the accepted bid. The Water Trust will also be charged the cost of the bidding process, which includes the costs of bid preparation through bid acceptance.
- If the Utility decides, in its judgment, to replace a Street Lateral, the Connection Charge will include the Standard Street Lateral Cost. Current year Standard Street Lateral Costs can be found in Table 1.
- The Utility shall install the minimum size Meters that it determines to be necessary to provide adequate and reliable service, the costs of which are embedded in the water rates the New Customers will pay and are not included in the Connection Charge.

If, in the judgment of the Utility, the Utility does not have sufficient Customers of similar size and usage or sufficient recent cost history for the facilities to be installed to enable it to calculate an accurate Standard Cost, then the Connection Charge will include the actual installed cost of the facilities.

2. Existing Facilities Used By The Water Trust

The cost of existing facilities included in the Connection Charge for New Customers served by a Water Trust will be standardized and shall include the following.

- Standard System Cost. Current year Standard System Cost can be found in Table 3.

3. Facilities Installed By The Water Trust or Customer

The Water Trust, or New Customer if so provided in the Water Trust Connection Agreement, is responsible for arranging and paying for the installation of new facilities required to connect the buildings to the Utility water system and to physically disconnect the buildings from their previous source of water. These include the following.

- Private Lateral cost, including valves
- Interior Piping cost, including plumbing ready for installing the Meter and disconnecting the existing source of water, typically a private well
- Abandonment of existing wells or permitting to use the wells for irrigation only

(d) Customer Responsibilities With Respect To Water Facilities

The Customer is responsible for maintaining and ensuring access to the Curb Stop and other water facilities on the Customer's property.

(e) Revenue Credit. A Water Trust shall be entitled to a Revenue Credit to offset all or part of the Connection Charge. This credit reflects the capital costs and other Fixed Costs of System Facilities that are embedded in the water rates the new Customers will pay. In no event shall the Revenue Credit exceed the Connection Charge.

The Revenue Credit can be expressed in the following formula.

Present Value of the incremental net revenue expected from the Customer for ten (10) years using a discount rate determined by the Water Utility, which incremental revenue is the estimated gross revenue less the variable cost for water, meter reading, billing, and other incremental operating costs associated with serving a Customer.

The Standard Revenue Credit can be found in Table 4.

(f) *Additional New Customer Credit.* The Connecting Main Cost and Local Distribution Main Extension Cost, if applicable, are included in the Connection Charge payable by a Water Trust. The Utility shall calculate an Additional New Customer Credit based on the number of additional new Customers the Utility estimates, in its judgment, are likely to connect to the Connecting Main and/or the Local Delivery Main Extension during the succeeding ten (10) years. The Connection Charge will be reduced by the amount of the Additional New Customer Credit, which will be calculated by multiplying the average cost per REU of the Connecting Main Extension and Local Distribution Main Extension times the number of REU's the Utility estimates will connect to those sections of main during the succeeding ten (10) years. The Water Trust will receive no further refunds or charges, regardless of the number of New Customers who ultimately connect to the Connecting Main Extension or Local Delivery Main Extension.

(g) *Calculation of Connection Charge.* The sum total Connection Charge to be paid to the Utility by a Water Trust, less the Revenue Credit, can be expressed in the following formula. The Connection Charge is separate and apart from the costs borne directly by the Water Trust as specified in the Water Trust Connection Agreement.

<p>Connection Charge = Connecting Main Cost + System Costs + Local Delivery Main Extension Cost, if any + Street Lateral Cost, if any – Revenue Credit – Additional New Customer Credits, if any + Upgrade Costs, if any</p>
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Payment Options

The Utility shall offer payment options to all New Customers, excluding Developers and Water Trust system Customers, to allow them to pay the Connection Charge over time at reasonable interest rates. The New Customer must sign a waiver of assessment to enable the Utility to include unpaid, past due amounts on the Customer's property tax bill. Furthermore, if the property is not located within the City of Mequon, there must be in place an intergovernmental agreement between the City of Mequon and the municipality in which the property is located permitting that municipality to special assess the property and honor the waiver of assessment. The maximum term shall be five (5) years. The interest rate on unpaid balances shall be the rate at which the Utility determines it can currently borrow money, plus 100 basis points. Customers are free to pay in full at any time without penalty and are free to secure their own financing. The Utility reserves the right to include unpaid, past due amounts on the property tax bill for the succeeding year.

Private Well Use/Abandonment

Whenever a New Customer connects to the Utility water system, that Customer must physically disconnect the Customer's previous source of water, typically a private or community well, from the Utility's water system. State law requires this to ensure that the Utility's water will not be contaminated by backflows of well water.

If a New Customer desires to continue to use the Customer's well for lawn or garden irrigation, the Customer must obtain a permit from the City of Mequon. However, the well must be physically disconnected from the Utility's water system. If the Customer desires to abandon the well, the Customer must cap the wellhead as required by the City of Mequon and/or Department of Natural Resources.

May 14, 2010

Mequon Water Utility Advisory Committee

Definitions

Additional New Customer Credit	A credit calculated by the Utility based upon the number of additional New Customers the Utility estimates are likely to connect to the Local Delivery Main Extension or Connecting Main. A Refund Agreement may be used in lieu of an Additional New Customer Credit to offset, in part or full, the Connection Charge. The Additional New Customer Credit will be calculated by multiplying the average cost per REU of the Main Extension or Connecting Main times the number of REU's the Utility estimates will connect to the new Main during the succeeding ten (10) years.
Connecting Main	New main connecting an existing main to another main, typically to a Developer Local Delivery Main or Water Trust system
Connection Charge	A payment required of a New Customer as a condition to connecting to the Utility's water system. The Connection Charge is designed to fairly reflect the cost of new facilities installed to serve that customer; existing facilities that will be used by that Customer and system-wide facilities that benefit the New Customer, and the rates (and revenues) the New Customer will pay the Utility.
Contributed Main	Local Delivery Mains installed by a Developer or by a Water Trust. When the subdivision or Water Trust connects to the Utility water system and the Local Delivery Mains are determined by the Utility to be suitable for use by the Utility, the Utility will accept a contribution of these Local Delivery Mains and will operate and

	maintain these mains as a part of its water system. The Utility will not reimburse any portion of the cost or value of any Contributed Main.
Curb Stop/Curb Box See Stop Box	A valve normally located at the lot line where water supplying a given property can be turned on and off. This is the demarcation point to separate the Street Lateral from the Private Lateral. The Curb Stop/Curb Box and valve are owned and maintained by the Utility. The Customer is responsible for protecting and providing clear access to the Curb Stop/Curb Box.
Customer	See New Customer. It is the Person responsible for paying the bills for water service.
Developer	A Person who constructs a Development.
Development	A number of significant water-using buildings or structures added to a parcel or parcels of real estate. The buildings or structures may be used for residential, commercial, industrial, or institutional purposes and may encompass a single lot, multiple lots, or a subdivision.
Developer Water System	A water system in a new Development which has been installed by a Developer to Utility specifications pursuant to a Development Agreement and which system has been contributed to the Utility.
Development Agreement	An agreement between the City of Mequon and a Developer which details, among other things, the public improvements the Developer must install, including a water system, as a condition of the approval of the new Development.
Discount Rate	A compound interest factor used to determine the net present value of a stream of future cash flows. The Discount Rate is the interest rate selected by the Utility to use in the Revenue Credit formula.
Embedded Capital Cost	Embedded Capital Costs represent the total cost of all assets necessary for acquiring, delivering and maintaining a supply of water. Embedded costs are costs incurred in the past which allow the Utility to deliver water in the present, <i>e.g.</i> , capital cost of supply and distribution infrastructure, such as Supply Mains, Public Mains, Valves and Meters.
Fixed Costs	The costs incurred by the Utility that do not vary with Customer

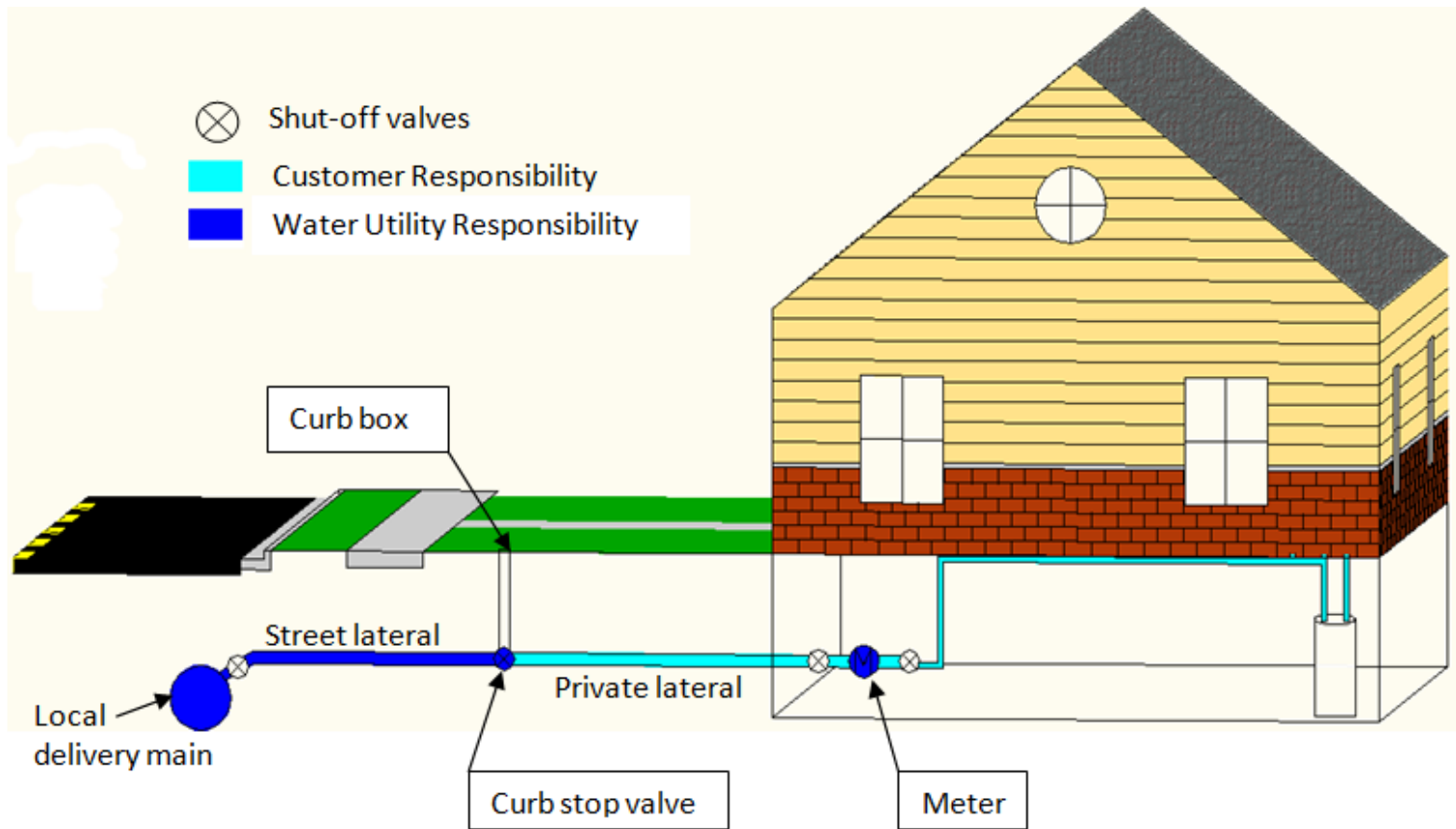
	water usage, <i>e.g.</i> , office rent, depreciation, office payroll, regulatory expense, computer hardware and software.
Gross Revenue	Total amount billed quarterly to a Customer for its water service, including fixed charges and charges for the amount of water used.
Habitable Building/Structure	A building or structure that is occupied, or could receive an occupancy permit without further improvements that would require obtaining a building permit.
Incremental Revenue	Gross Revenue less Variable Costs for water, meter reading, billing, and other incremental operating costs associated with the addition of a customer.
Interior Piping (<i>aka</i> Interior House Piping or House Piping)	The pipes and valves that are installed inside a building to deliver water from the Meter outlet to the water-using equipment, <i>e.g.</i> , sinks, lavatories, washing machines, etc. This includes the piping and valves on either side of the water Meter and plumbing ready for installing the Meter. This Interior Piping is owned and maintained by the Customer.
Local Delivery Main	The pipe in the street or right-of-way or easement that delivers water to a number of abutting properties. This includes existing mains, main extensions, and new mains. This pipe is owned and maintained by the Utility.
Meter	The device that measures water consumption. The Meter is installed, owned and maintained by the Utility.
New Customer	One or more Persons who apply, singularly in the case of one New Customer and jointly in the case of more than one New Customer, to connect to the Water Utility system. After water service is initiated, it is the person responsible for paying the bills for water service. See Customer.
Non-Standard	Any situation where, in the Utility's judgment, the use of Standard Costs would not fully compensate the Utility's actual materials and construction costs.
Off-Main	A property that does not abut a Local Delivery Main.
On-Main	A property that abuts a Local Delivery Main.
Person	An individual, group of individuals, corporation, association, institution or organization that has legal standing to enter into

	binding contracts and agreements.
Present Value/Net Present Value	The value today of a future payment, or stream of future payments, discounted at some appropriate Discount Rate.
Private Lateral	The pipe that connects at the Curb Stop on one end and the Meter at the other end. This pipe is owned and maintained by the Customer. The pipe must meet Utility specifications.
Refund Agreement	An agreement between the Utility and a New Customer whereby the Utility agrees to refund a specified portion of the Local Delivery Main Extension Cost or Connecting Main Cost included in the Connection Charge if additional Customers connect to that Main Extension or Connecting Main within the succeeding ten (10) years.
Residential Equivalent Unit (REU)	The quantity of water a typical residential customer would use in one (1) year. Example: If a typical customer used 72,000 gallons of water a year, 72,000 gallons would constitute one (1) REU. In some commercial and industrial REU calculations, the REU calculation can include estimated revenue to be provided by the customer, so that private fire protection charges can be incorporated.
Revenue Credit	A credit calculated by the Utility pursuant to published criteria to partially offset the Connection Charge. The Revenue Credit reflects the payment of Capital Costs and other Fixed Costs that are embedded in the water rates the New Customer will pay. Revenue Credits will be calculated using REU's as a basis.
Standard Connecting Main Cost	The average per-foot cost, over time, of mains of the same size, adjusted for projected changes in that cost for the current year. The Utility shall calculate and publish Standard Connecting Main Cost annually.
Standard Cost	The estimated installed cost of any facilities typically required to serve a similar New Customer absent any other factors that influence the size or cost of the facilities actually installed, including soil and construction conditions. See Standard Size. Standard Costs are determined by the Utility annually based on the average cost of Standard Size facilities for the past year, adjusted for projected changes in cost for the current year. Standard Costs are published and used in the calculation of the Connection Charge unless the Utility determines in its judgment that using Standard

	Costs will create an unfair result.
Standard Local Delivery Main Cost	The depreciated capital cost of existing Local Delivery Mains calculated on a Residential Equivalent Usage (REU) basis. Standard Local Delivery Main Cost is determined by the Utility every year based on the average per-foot cost, over time, of Local Delivery Mains of the same size, adjusted for projected changes in that cost for the current year. The Utility shall calculate and publish Standard Local Delivery Main Costs annually.
Standard Size	The minimum size of any facilities typically required to serve a similar New Customer absent any other factors that influence the size of the facilities actually installed.
Standard Street Lateral Cost	The average cost, over time, of laterals of the same size, adjusted for projected changes in that cost for the current year. The average cost will include short-side and long-side laterals as well as laterals in streets of differing widths. The Utility shall calculate and publish Standard Street Lateral Cost annually.
Standard System Cost	The depreciated capital cost of the water system facilities, such as Supply Mains, meter pits, pump stations, main over-sizing, meters, and storage facilities, typically required to serve similar Customers divided by the number of Customers, calculated on a Residential Equivalent Unit (REU) basis. The Utility shall calculate and publish Standard System Cost annually.
Stop Box	See Curb Stop/Curb Box.
Street Lateral	The pipe that connects the Local Delivery Main to the Curb Stop. This pipe is owned and maintained by the Utility.
Supply Main	The pipe that receives water from the sellers of water (the City of Milwaukee and the North Shore Water Commission) and which connects to the Local Delivery Mains that serve the Customers.
System Costs	The cost of system facilities or infrastructure that benefit all Customers. These include such things as Supply Mains, meter pits, pump stations, main over-sizing, Meters, and storage facilities typically required to serve Customers.
System Facilities	Water infrastructure that benefits all customers. System Facilities include Supply Mains, meter pits, pump stations, main over-sizing, and storage facilities.

Utility/Water Utility	The City of Mequon Water Utility.
Variable Costs	The costs incurred by the Utility that vary up or down according to the number of Customers or Customer usage, <i>e.g.</i> , quantity of water consumed, billing costs, meter reading costs.
Water Trust	An existing Development where water is provided to a number of buildings or structures from one or more shared sources, typically shared water wells. These water systems differ from Developer Water Systems in two important respects. Water Trust systems: (1) are existing facilities, and (2) may not have been constructed to the Utility's specifications.
Water Trust Connection Agreement	An agreement between the City of Mequon and a Water Trust which details, among other things, the terms and conditions which the Water Trust must meet to be connected to the Utility water system. The agreement will specify that the Water Trust is responsible for paying the Connection Charge to the Utility.

Figure 1 - On-Main Residential Connection



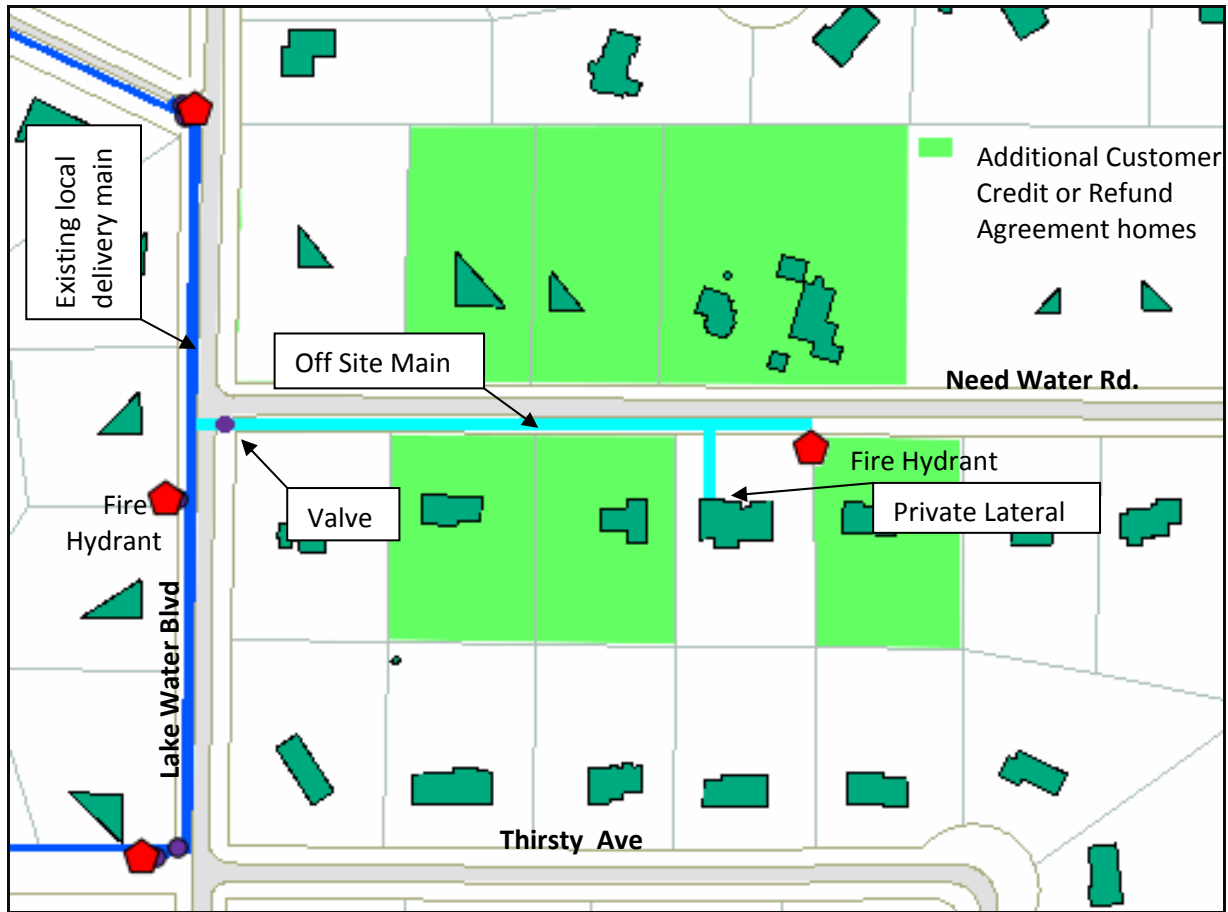


Figure 2- Off Main Residential Connection

Commercial On-Main Facility

Figure 3

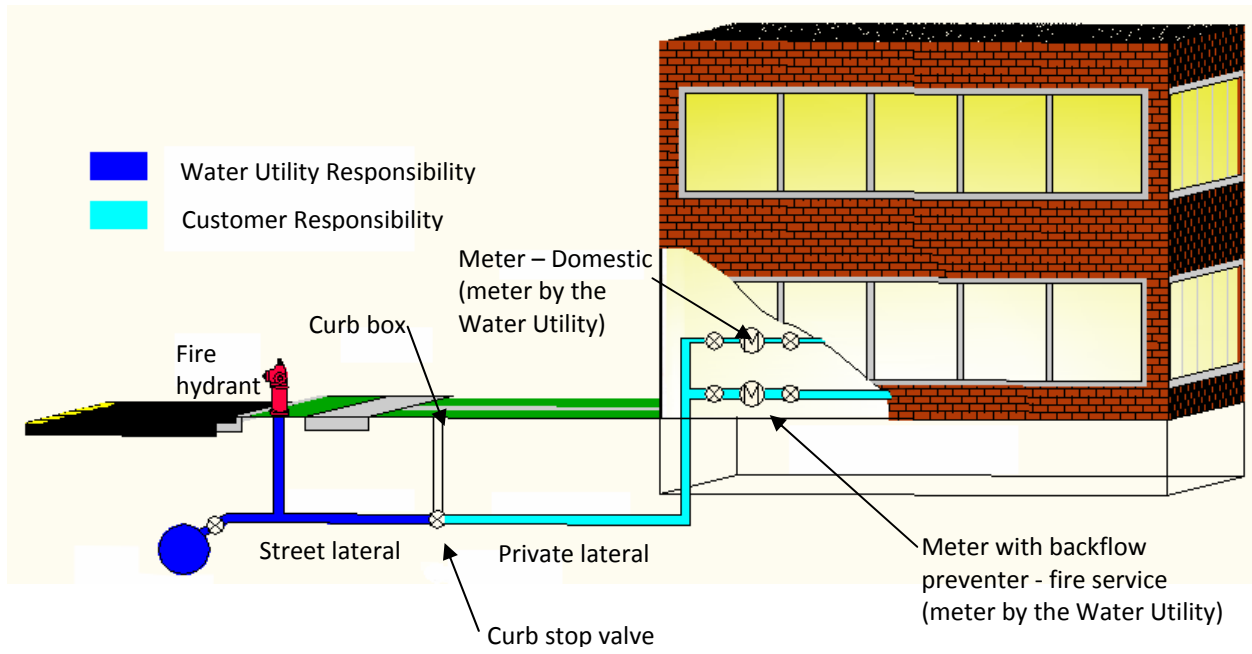


Table 1

Standard Street Lateral Costs

<u>Size</u>	<u>Cost</u>
1 1/4 inch	\$1,700
1 1/2 inch	\$2,000
2 inch	\$2,800
4 inch	\$4,100
6 inch	\$7,200

Table 2
Standard Local Delivery Main Cost

	<u>2015</u>
Total Transmission & Distribution Main Depreciated Capital from PSC Report	\$13,723,899
Minus Oversize and Transmission Main Depreciated Capital	\$2,928,604
Local Delivery Main Depreciated Capital	\$10,795,295
No. of REU's in System	4500
Local Delivery Main/REU	\$2,398.95

Table 3
Standard System Costs

(Based on 2013 PSC report)

System Capital (With Accumulated Depreciation) Costs

Intangible Plant	\$0
Source of Supply	\$215,707
Pumping	\$814,830
Treatment	\$0
Reservoirs	\$67,919
Transmission Main	\$2,928,604
General Plant	\$402,909
	\$4,429,969
Estimated REU's	4500
System cost per REU	\$1,080.48

Table 4
Standard Revenue Credit

Due to borrowing difficulty and cash flow issue, the Revenue Credit will be reduced to equal the System Cost in 2015.

Table 5
Standard Local Delivery Main Extension and Connecting Main Costs
 (applies to non-developer main extensions of 1,000 feet or less)

Bid Items	Cost per foot		
	Low	Med	High
Water main - spoil backfill			
6-inch	\$30	\$40	\$50
8-inch	\$35	\$45	\$55
12-inch	\$55	\$60	\$70
16-inch	\$70	\$80	\$90
Water main - granular backfill			
6-inch	\$45	\$50	\$60
8-inch	\$50	\$55	\$65
12-inch	\$70	\$80	\$90
16-inch	\$85	\$90	\$100
Water main - Slurry backfill			
6-inch	\$75	\$80	\$90
8-inch	\$80	\$85	\$95
12-inch	\$100	\$110	\$120
16-inch	\$115	\$120	\$130
Water main - Directionally Drilled			
6-inch	\$60	\$70	\$80
8-inch	\$65	\$75	\$85
12-inch	\$85	\$95	\$100
16-inch	\$145	\$160	\$175
Water main - Bore and Jack			
6-inch	\$225	\$250	\$275
8-inch	\$250	\$275	\$325
12-inch	\$275	\$300	\$340
16-inch	\$325	\$375	\$425
Restoration*			
Turf	\$3	\$4	\$5
Asphalt roadway	\$40	\$45	\$55
Asphalt driveway	\$30	\$45	\$55
Concrete roadway	\$37	\$45	\$53
Concrete driveway	\$18	\$20	\$30
Sidewalk	\$20	\$25	\$30
Gravel shoulder	\$5	\$10	\$15
Concrete Curb and Gutter	\$30	\$35	\$40
Erosion Mat	\$1	\$2	\$4
Heavy Duty Erosion Mat	\$2	\$3	\$5
Erosion Control			
Silt fence	\$1	\$2	\$3

Bid Items	Cost per Each		
	Low	Med	High
Hydrant assembly	\$3,200	\$3,800	\$4,500
Valve & valve box			
6-inch	\$1,000	\$1,300	\$1,700
8-inch	\$1,300	\$1,600	\$2,000
12-inch	\$2,000	\$2,500	\$3,000
16-inch	\$2,500	\$3,000	\$4,000
Erosion Control			
Sediment logs	\$200	\$225	\$250
Hay Bales	\$10	\$15	\$25
Connection to existing main			
6-inch main	\$2,000	\$2,500	\$2,750
8-inch main	\$2,200	\$3,000	\$3,500
10-inch main	\$2,400	\$3,300	\$4,000
12-inch main	\$2,750	\$3,500	\$4,500
16-inch main	\$3,000	\$3,750	\$5,000

* based on a 6' wide trench width