



BLACK ROCK UTILITY COMPANY
18168 S. Kimberlite Dr.
Coeur d'Alene, ID 83814

UTILITIES RULES AND REGULATIONS

EXHIBIT A

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**RULES AND REGULATIONS
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BLACK ROCK UTILITIES, INC.**

KNOW ALL PERSONS BY THIS NOTICE, that the Board of Directors of Black Rock Utilities, Inc. ("Utilities Board"), in accordance with the Declaration of Covenants, Conditions and Restrictions ("Declaration") for the Black Rock Planned Unit Development ("Black Rock"), hereby adopts the following Rules and Regulations. These Rules and Regulations supersede and wholly replace the Rules and Regulations adopted by BRU on July 30, 2001 and any prior amendments thereto. From and after the adoption date of these rules and regulations, the same shall govern and supersede any prior Rules or Regulations or amendments thereto.

**ARTICLE I.
AUTHORIZATION AND IMPLEMENTATION**

Section 1.1 Authorization. These Rules and Regulations are adopted pursuant to the Declaration of the Black Rock Planned Unit Development, as amended. All requirements and terms of the Articles of Incorporation and Bylaws of the Black Rock Homeowner's Association, Inc. ("Association") and the Articles of Incorporation and Bylaws of Black Rock Utilities, Inc. ("Black Rock Utilities or Utility"), as amended, are incorporated herein by reference.

Section 1.2 Implementation. The Utilities Board has established these Rules and Regulations to regulate sewer and water usage, maintenance, operation and repair of such systems, and to establish fees to cover the costs incurred to provide sewer and water service to the Lots in Black Rock. These Rules and Regulations are effective upon adoption by the Utilities Board and shall remain in effect until amended, modified or terminated as provided herein.

Section 1.3 Definitions. All capitalized terms not specifically defined herein shall have the meaning given to such terms in the Declaration.

- Applicant:** The person, firm, association, corporation or governmental agency applying for utility service. Applicant must be the owner of the property.
- Base Customer Charge:** A fee approved by the Utility Board for each single family residential lot or EDU. This fee covers the basic facility operating and maintenance costs, even if the customer is not using utility services, so that service can be made available to that lot when requested. This fee is paid by all property owners.
- Customer:** The person in whose name service is rendered which may be evidenced by the signature of the application or contract for services, or by the record title to the serviced property. The term is interchangeable with the term Consumer.
- Equivalent Dwelling Unit (EDU):** The equivalent to 200 gallons per day of residential water usage which shall be used to equate all other types of water customers to a residential user.
- Expanded Service:** Service representing an increase in volume or capacity of service provided at locations previously served which generally requires modifications of or to the Utility's delivery facilities.
- Expanded Service**

Area:	Service representing an increase in the service area of the Utility to locations not previously served. The service area may be increased by a majority vote of the Utility Board of Directors at a meeting to approve an application for New Service.
Line Extensions:	Owners and developers of property will be required to pay the cost to install all line extensions from existing BRU service lines to provide service to their property(s).
Fixture:	A permanently installed device in which water is used, such as a faucet or toilet.
Fixture Unit:	An arbitrary unit assigned to different types of plumbing fixtures, and used to estimate flow rate requirements. The Plumbers Orange Book will be the guidebook used for this calculation.
Flat Rate Service:	Charge for un-metered utility service.
Owner:	Any property owner receiving utility service including Owners outside of the Black Rock Planned Unit Development (BRPUD) where approval has been given by the Board in accordance with the procedures set forth herein and in the Declaration (and any amendments thereto).
New Service:	Service provided at locations not previously served.
Other Uses:	Uses associated with any development, other than single-family residential, mobile home estate, or duplex units which are not in the residence itself. This would include common area improvements, swimming pools and other facilities as a part of multi-family residential or mobile home park complexes. Commercial and industrial uses will be included in the total project demand. Other Uses shall be separately metered and are subject to separate service, commodity, connection, and capacity charges.
Permanent Service:	Service which is of a permanent and established character, although the use of water may be intermittent or seasonal in nature.
Point of Ultimate Usage:	Any point on an Owner's property that utility services are used.
Service Area:	This is the physical area in which the Utility is approved to provide utility service to customers. This area includes the Black Rock Planned Unit Development, including any currently approved annexations or annexations approved in the future, as well as any other areas approved by the Utilities Board, in accordance with the procedures set forth herein and in the Declaration (and any amendments thereto). A map of the approved Service Area will be maintained by the Utilities Board.
Service Pipe:	The Connection between Utility's mains and service valve connection, including the entire pipe, fittings and valves necessary to make the connection.
Service Valve:	The valve on the Utility side of the water meter and Utility side of the sewer service setter. This is the defining point where Utility responsibility begins for repairs, replacement and maintenance. This Service Valve may be located off the Owners property and it is still the Owner's responsibility for all repair, replacement and maintenance from this point. A drawing of this valve is available from the Utility.

ARTICLE II. WATER SYSTEM AND USE CONTROL

Section 2.1 Potable Water. Potable water will be available for hook-up at a location stubbed to the property line of each Lot.

Section 2.2 Irrigation Water. Irrigation water will be available for hook-up at a location stubbed to the property line of each Lot. Each Owner who utilizes irrigation water shall install a drip irrigation system for shrubs. No irrigation shall be permitted between the hours of 10:00 a.m. and 6:00 p.m. No potable water may be used for irrigation purposes.

Section 2.3 Limitation of Liability. Neither the Black Rock Homeowners Association, nor Black Rock Utilities, nor the Utilities Board shall not be liable for any actual or consequential damages arising from, or related to the intentional or unintentional interruption of water services, regardless of the cause of the interruption. Each Owner and their successors and assigns agree to indemnify and hold harmless the Association, Black Rock Utilities, and the Utilities Board for any and all liability related in any fashion to interruption of service. Further, Owner and their successors and assigns agree that they shall never file or assist in the prosecution of any claim against the Association, Black Rock Utilities or the Utility Board, related in any fashion to the provision or lack of provision of water service. The Association, the Utility and the Utilities Board shall not be responsible for any loss or damage caused by any negligent or wrongful act of a customer or his/her authorized representative in installing, maintaining, operating or using any or all appliance, facilities or equipment for which utility service is supplied. The customer will be held responsible for damage to Black Rock Utility facilities and other property resulting from the use or operation of appliances and facilities on consumer's/customer's premises, including damage caused by chemicals and pharmaceuticals.

Section 2.4 Hook-Up Requirements and Unauthorized Hook-Up. Each Owner shall notify the Association prior to hooking onto water and sewer systems provided by Black Rock Utilities. It is the responsibility of Black Rock Utilities to provide hook-up to each Owner upon receipt of such notification in writing, subject to the terms and conditions of these Rules and Regulations. The Utility has the right to determine the size of the service connection to be installed. No service connection shall be approved of a size larger than can be supplied by the water main without adversely affecting service to other customers. Any unauthorized hook-up will result in fines being levied by Black Rock Utilities and may result in prosecution. In the event of court action as a result of an unauthorized hook-up, then all costs and expenses, including actual attorneys' fees and legal assistants' fees incurred by Black Rock Utilities in connection with such action shall be paid by the violating Owner. No unauthorized facilities shall be installed on any property within Black Rock, including water storage tanks, septic tanks or any other method to store or convey water or sewage.

Section 2.5 Fees. Each Owner shall be responsible for payment of fees and usage charges, including deposits, as adopted by the Utilities Board. Such fees and usage charges are payable on a regular basis at such rates and at such times as may be established by the Utilities Board from time to time. Rates adopted by the Utilities Board will require that the Owner pay a fee for all water delivered on an increasing block rate formula developed by the Utilities Board and designed to encourage water conservation. Fees for service and late fees and interest and usage charges so assessed will be considered Utility Assessments and shall become a lien against Lots in accordance with the Declaration and all other applicable provisions of Idaho law. Fees charged to Lots outside of the boundaries of the Black Rock PUD shall become a lien against the Lot(s) as a condition of said service, and by accepting service the Customer and Lot Owner so agree. Said lien, by acceptance of service by the Customer and the Lot Owner, may be pursuant to the right and procedures in the Declaration by incorporation of said provisions, even though the lot is outside the boundaries of the Black Rock PUD. The Utility is dedicated to water conservation throughout the service area and rates will be structured to encourage conservation. Any other lien rights arising by law shall be in addition to those acknowledged herein.

Section 2.6 Meters. Each Lot will have two separate water meters, one for potable water and one for irrigation water. The meters will ensure efficient and equitable operation of water systems and shall be National Sanitation Approved. An exception may be made by the Utility Board for common area lots and service that may be difficult to meter. These services will be assessed a flat rate charge for water based on the square footage and planting components on the Lot. The Owner shall be solely responsible for the cost of the meters and meter boxes or vaults and their installation, however, the meters shall be owned by Black Rock Utilities. The cost of replacement or repair of any such water meter shall be the responsibility of the Owner. No meter shall be moved without the prior written consent of the Utilities Board. An Owner is liable for all damages relating to the unauthorized moving of a meter and/or meter tampering and such unauthorized movement or tampering of any sort shall be grounds for immediate and permanent termination of service without notice. Should a meter fail to register, billing for the water used during the period of failure shall be equal to the higher of (a) the same month of the preceding year, or (b) the average of the preceding two (2) months.

Section 2.7 Service Lines, Back Flow, Shut-Off, Pressure Reducer. Service lines and other associated facilities from the service valve to the point of water usage shall be constructed at the sole expense and risk of the Owner. Construction criteria for service lines, back flow preventer(s), shut-off valve(s), reducing valve(s), and other necessary equipment shall be provided by the Utilities Board pursuant to standards prepared by a certified engineer for Black Rock Utilities and must be followed. Service may be immediately terminated without notice until installation of service lines, back flow preventer(s), shut-off valve(s), and/or pressure reducing valve(s), and other necessary equipment meet the criteria established by the Utilities Board. All water line installations must have physical separation from wastewater lines. Installation of such equipment shall be at the sole expense and risk of the Owner and each Owner shall indemnify and hold harmless Black Rock Utilities and the Association for any loss or damage related to such installation. When the property is also served by another supply of water, not from the Utility, then the customer must install the appropriate backflow prevention device or maintain a physical separation between the two systems at all times.

Section 2.8 Repairs. Black Rock Utilities, or its successors in interest, shall remedy defects in the system main lines (to the service valve), the main system pumps, and meters. Any equipment or repairs required after the initial installations shall be at the Owner's cost. Each Owner is responsible for repairs and maintenance of all equipment, including service lines, meters, valves, and equipment from the service valve to the point of ultimate usage.

Section 2.9 Leaks On Owner's Premises. Each Owner shall immediately repair all line breaks or leaks in service lines or residences to preclude water waste or damage to property. Failure to immediately repair such leaks may result in immediate termination of service without notice until such repairs are completed. Additionally, the Utilities Board, in its sole and absolute discretion, has the right to have such leaks repaired at the sole expense and liability of the Owner, without prior notice to the Owner. Costs incurred by Black Rock Utilities for such repairs may be assessed as a Lien as set forth in the Declaration. For Owners outside of the BRPUD, the same lien procedures will be followed consistent with the acknowledgment and terms of Section 2.5 hereof. Each Owner is responsible for any loss/damage caused to Black Rock Utilities, the Association or third parties by leaks on the Owner's Lot.

Section 2.10 Access To Property. Each Owner grants to Black Rock Utilities a perpetual easement on, over, under and across such Owner's property for the purpose of maintaining, expanding, or repairing the water systems. No compensation shall be paid for any use of this easement. Black Rock Utilities has the right to enter upon any Lot at any time for the purpose of monitoring, maintaining, constructing, repairing, or any other activity related to the water system, without prior notice to the Owner. Obstruction or denial of access to any portion of the Lot shall be grounds for the imposition of fines, immediate and permanent termination of service, or both, without notice, in the sole discretion of the Utilities Board.

Section 2.11 Use For Fire Fighting. Each Owner shall be responsible for the cost of all water used for fire fighting on the Owner's Lot and shall be responsible for any loss and/or damage caused to Black Rock Utilities, the Association or third parties by water used for fire fighting on the Owner's Lot.

Section 2.12 No Liability for Interruption Of Service. Neither Black Rock Utilities nor the Association nor the Utilities Board shall be liable for any actual or consequential damages arising from, or related to the intentional or unintentional interruption of water services, regardless of the cause of the interruption. Each Owner, and their successors and assigns, agree to indemnify and hold harmless Black Rock Utilities, the Association and the Utilities Board for any and all liability related in any fashion to interruption of service. Further an Owner, and their successors and assigns agree to never file, or assist in the prosecution of any claim against Black Rock Utilities, the Association, or the Utilities Board related in any fashion to the provision of or failure to provide water service.

Section 2.13 Termination/Restriction of Service; Reinstitution of Service. When a customer wishes to terminate utility service, the Utility must be notified in writing, by telephone, email, fax or personal visit to the office. The customer will be responsible for payment of all service rendered prior to the termination of service, even if the property has been vacated. The property owner is always responsible to pay the applicable Base Customer Charge, even if the property is vacant or utility service has been terminated for any other reason. The Utilities Board has the right, without liability, to restrict service immediately without notice or to terminate service immediately and permanently, without notice, for violation of these Rules and Regulations or the provisions of the Articles, Bylaws or Declaration, including but not limited to, the failure to pay fees or usage charges for metered water service. To reinstitute service Owner must be in compliance with all applicable provisions and must be current in the payment of all fees and usage charges. The Utilities Board may, in its sole discretion require a deposit in such amount as the Utilities Board may determine prior to reinstitution of service. Any decision made by the Utilities Board is conclusive, final and not subject to review or appeal. Neither Black Rock Utilities nor the Association, nor the Utilities Board shall be responsible for any liability or damage arising from the restriction or termination of service, and each Owner agrees to indemnify and hold harmless Black Rock Utilities, the Association and the Utilities Board for any and all liability relating to reinstitution or termination of service.

Section 2.14 Resale of Water. No customer shall resell any of the water received from the Utility, nor shall such water be delivered to premises other than those specified in such Customer's application for service. No water shall be delivered outside of the Utility approved Service Area.

Section 2.15 Irrigation Audits. The Utilities Board shall perform irrigation audits of existing customers from time to time and at such intervals as it shall determine, but not more frequently than annually. The Utilities Board shall annually perform irrigation audits on all new construction completed in the preceding year. The audits will be designed to determine the presence of leaks or poor design resulting in the unnecessary use of water. The audits will also include an educational component to ensure that each customer understands the increasing block rate structure and is informed of opportunities to reduce water consumption.

ARTICLE III. SEWER SYSTEM USE AND CONTROL

Section 3.1 Sewer Service. The following requirements apply to all Lots. The type of sewer system provided to the Lots is a pressure effluent system. Black Rock Utilities will, at the sole cost of the Owner, install and maintain a septic tank and pressure effluent pump station and other associated equipment as provided herein. Sewer service will be provided by Black Rock Utilities.

Section 3.2 Sewer System Limitation of Liability. The Association, Black Rock Utilities and the Utilities Board shall not be liable for any actual or consequential damages arising from, or related to

the intentional or unintentional interruption of sewer services, regardless of the cause of the interruption. Each Owner and their successors and assigns agree to indemnify and hold harmless the Association, Black Rock Utilities, and the Utility Board for any and all liability related in any fashion to interruption of service. Further, Owner and their successors and assigns agree that they shall never file or assist in the prosecution of any claim against the Association, Black Rock Utilities, or the Utility Board, related in any fashion to the provision or lack of provision of sewer service.

Section 3.3 Hook-Up Requirements and Unauthorized Hook-Ups. Each Owner shall notify Black Rock Utilities when such Owner is ready to build a dwelling unit on the Owner's Lot. It is the responsibility of Black Rock Utilities to provide hook-up to each Lot, subject to the conditions in these Rules and Regulations and any amendments thereto, upon receipt of such notification in writing. Such notice shall also provide the location selected for placement of the sewer facilities on the Lot. Upon receipt of such notice, Black Rock Utilities shall approve or reject the location determined by the Owner. If Black Rock Utilities rejects the location determined by the Owner, it shall provide the Owner written notice of the location for such facilities on the Lot that will be approved by Black Rock Utilities. Black Rock Utilities has the right to determine the size of the service connection to be installed. No service connection shall be approved of a size larger than can be supplied by the sewer main without adversely affecting service to other customers. No facilities shall be relocated without the prior, written approval of Black Rock Utilities. Any unauthorized hook-up will result in fines being levied by Black Rock Utilities and may result in prosecution. In the event of court action as a result of an unauthorized hook-up, then all costs and expenses, including actual attorneys' fees and legal assistants' fees, incurred by Black Rock Utilities in connection with such action shall be paid by the violating Owner.

Section 3.4 Fees. Each Owner agrees to pay such fees and usage charges, including deposits, as shall be adopted by the Utilities Board from time to time. The fees and usage charges will be payable on a regular basis at rates and at times to be established by the Utilities Board. Fees and usage charges so assessed will be considered Utility Assessments and shall become a lien against Lots in accordance with the Declaration. For Owners outside of the BRPUD the same lien procedures will be followed.

Section 3.5 Service Liens, Back Flow, Shut-Off, Pressure Reducer. Service lines and other associated facilities from the service valve to point of sewer usage shall be constructed at the sole expense and risk of the Owner. Construction criteria for service lines, location, back flow preventer(s), shut-off valve(s), reduction valve(s), and other necessary equipment shall be provided by Black Rock Utilities and must be followed. Service may be immediately terminated without notice until installation of service lines, back flow preventer(s), septic tanks, shut-off valve(s), and/or pressure reducing valves(s), and other necessary equipment that meets the criteria established by Black Rock Utilities. Installation of such equipment shall be at the sole expense and risk of the Owner, and each Owner shall indemnify and hold harmless Black Rock Utilities, the Association and the Utilities Board for any loss or damage related to such installation.

Section 3.6 Septic Tanks, Pumps and Pumping Station. Septic tanks shall be installed on each Lot including all necessary pumps and pumping stations when appropriate. Black Rock Utilities will install such septic tanks, pumps and pumping stations in conformity with construction criteria, including size, location, and type of equipment, provided by the Utilities Board pursuant to standards prepared by a certified engineer for Black Rock Utilities. Service may be immediately terminated without notice until installation of septic tanks, pumps and pumping stations that meet the criteria established by the Utilities Board. Installation of such equipment shall be at the sole expense and risk of the Owner, and each Owner shall indemnify and hold harmless Black Rock Utilities, the Association and the Utilities Board for any loss or damage related to such installation.

Section 3.7 Maintenance of Service Lines, Septic Tanks, Pumps and Pumping Station. It is the responsibility of the Owner to maintain the service lines, valves and equipment from the service valve on such Owner's Lot to the point of ultimate usage in safe and efficient working order. Should the Owner

fail to maintain such service lines, Black Rock Utilities may correct the deficiency, and the cost of such corrections will be considered a Utility Assessment and may be assessed as a lien against the Lot. Black Rock Utilities shall maintain the septic tanks, and any pumps and pumping stations and associated equipment on each Owner's Lot, provided, however, that the Owner of such Lot shall be responsible for the cost of such maintenance. Fees and usage charges so assessed will be considered Utility Assessments and shall become a lien against Lots in accordance with the Declaration. For Owners outside of the BRPUD the same lien procedures will be followed as is acknowledged and provided for in Section 2.5 hereof

Section 3.8 Repairs. Black Rock Utilities, or its successors in interest, shall remedy defects in the system main lines, septic tanks and any pumps and pumping stations. Each Owner is responsible for repairs and maintenance of all service lines, valves, and equipment from the service valve to the point of ultimate usage. The Owner is also responsible for the cost of maintenance of all system improvements from the Service Valve.

Section 3.9 Leaks on Owner's Premises. Owners shall immediately repair all line breaks or leaks in service lines or residences to preclude waste or damage to property. Failure to immediately repair such leaks may result in immediate termination of service without notice until such repairs are completed. Additionally, the Utilities Board, in its sole and absolute discretion, has the right to have such leaks repaired at the sole expense and liability of the Owner, without prior notice to the Owner. Costs incurred by Black Rock Utilities for such repairs shall constitute Utility Assessments and may be, at the sole discretion of the Utilities Board, assessed as a lien against the Lot as set forth in the Declaration. For Owners outside of the BRPUD, the same lien procedures will be followed as is acknowledged and provided for in Section 2.5 hereof. Each Owner is responsible for any loss/damage caused to Black Rock Utilities, the Association or third parties by leaks on the Owner's Lot.

Section 3.10 Access to Property. Each Owner grants a perpetual easement on, over, under and across their property to Black Rock Utilities for the purpose of installing, maintaining, expanding, and repairing the sewer system. No compensation shall be paid for any use of this easement. Black Rock Utilities has the right to enter any Approved Property at any time for the purpose of monitoring, maintaining, construction, repairing, or any other activity related to the sewer system, without prior notice to the Owner. Obstruction or denial of access to any portion of the Lot shall be grounds for the imposition of fines immediate and permanent termination of service, or both, without notice, in the sole discretion of the Utilities Board.

Section 3.11 No Liability for Interruption of Service. Neither Black Rock Utilities nor the Association nor the Utilities Board shall be liable for any actual or consequential damages arising from, or related to the intentional or unintentional interruption of sewer services, regardless of the cause of the interruption. Each Owner, and their successors and assigns agree to indemnify and hold harmless Black Rock Utilities, the Association and the Utilities Board for any and all liability related in any fashion to interruption of service. Further each Owner, and their successors and assigns agree to never file, or assist in the prosecution of any claim against Black Rock Utilities, the Association or the Utilities Board arising out of or related in any fashion to the provision of or failure to provide sewer service.

Section 3.12 Termination/Restriction of Service; Reinstitution of Service. When a customer wishes to terminate utility service, the Utility must be notified in writing, by telephone, email, fax or personal visit to the office. The customer will be responsible for payment of all service rendered prior to the termination of service, even if the property has been vacated. The Utilities Board has the right, without liability, to restrict service immediately without notice or terminate service immediately and permanently without notice for violation of these Rules and Regulations or the provisions of the Articles, Bylaws or Declaration, including but not limited to, the failure to pay fees or usage charges for sewer service. To reinstitute service Owner must be in compliance with all applicable provisions and must be current in the payment of all fees and usage charges. The Utilities Board may, in its sole

discretion require a deposit in such amount as the Utilities Board may determine prior to reinstitution of service. Any decision made by the Utilities Board is conclusive, final and not subject to review or appeal. Neither Black Rock Utilities, nor the Association, nor the Utilities Board shall be responsible for any liability or damage arising from the restriction or termination of service, and each Owner agrees to indemnify and hold harmless Black Rock Utilities, the Association and the Utilities Board for any and all liability relating to reinstitution or termination of service.

ARTICLE IV. NEW SERVICE CUSTOMERS, FACILITY CHARGES, WATER RIGHTS

Section 4.1 New Service Facilities Charges. When facilities exist with enough capacity to add another user, a charge to the new user or for new service additions will be imposed. This facility charge is intended to charge the new user for a pro-rata share of the existing facilities replacement costs. The amount of the charge will be determined at the time the new user applies for service from the Utility. The charge will be based on the total estimated replacement cost for the facility(ies) to be used divided by the total system capacity in gallons. The result is the estimated facility cost per gallon which shall be multiplied by the estimated use in gallons by the new user to arrive at the amount of the facility charge. Applicants for service will be required to provide an engineering estimate of the amount of potable water, irrigation water and sewer/effluent disposal capacity the proposed project will use. Separate calculations will be made for potable water, irrigation water and sewer/effluent disposal.

If facilities do not exist with enough capacity to accept a new user then the new user will be responsible to pay all costs required to upgrade existing facilities or build new facilities to accommodate the new user's property. These costs will be estimated in advance based on engineering plans acceptable to the Utility. The Utility shall not bear any costs, including engineering or design, related to bringing in a new user for service. All costs shall be paid in advance by the new user. The new user shall be required to construct all improvements deemed necessary by the Utility, and to assign the same to the Utility upon completion. All designs and actual construction, including plan changes, shall be subject to advance written approval of the Utility. The new user shall be responsible to pay the Utility a plan and engineering review and inspection fee for any new construction completed by the new user. The charge for these reviews and inspections shall be based on the actual cost to the Utility for personnel and outside contractors, plus ten percent (10%).

The decision on the adequacy of existing facilities or the requirement to build new facilities to obtain service from the Utility shall be at the sole discretion of the Utility. The adequacy of the main lines, pumps, distribution lines, lagoon and any other facilities shall be solely determined by the Utility and its engineers. An applicant for new service will be required to pay for the costs of any required system capacity study, engineering, Utility management time as well as actual facility costs. In addition, inspection fees shall be charged per the current Fee and Rate Schedule.

Section 4.2 Issuing Will Serve Commitments.

4.2.1 Will Serve Commitments.

4.2.1.1 A will serve commitment is hereby made a condition precedent to receiving new or expanded water and/or sewer/effluent service from Utility. Applicants for new service ("Applicant") must provide Utility with sufficient plans to establish the water and sewer/effluent facilities required for the proposed development. All Water and Sewer/Effluent Facility Construction charges as determined by the Utility must be paid, and all water rights deeded to the Utility, together with compliance with all other Rules and Regulations as a condition precedent to an applicant receiving a will serve.

4.2.1.2 Valid will serve commitments issued by Utility remain appurtenant to the property for which they were issued. Transfer of commitments from one property to another shall not be allowed without Utility approval. In the case of an existing building being removed from a particular parcel, without being replaced, the applicant shall be given water credit in an amount of the previous will-serve commitment for the property. The provision only applies when water rights have been previously dedicated to Utility to serve the existing building being removed.

4.2.1.3 If project approval expires or is terminated by the applicable local governing body, the will serve commitment shall be revoked. If the will serve commitment is revoked and if the owner of the property requests reimbursement, Utility shall:

4.2.1.3.1 At the cost of the Applicant, deed those rights dedicated to Utility back to the owner of the property; or,

4.2.1.3.2 Bank the water rights for allocation to another project as designated by the Applicant, for a period not longer than two (2) years from the date of project expiration or revocation, unless a different period of time is agreed upon in writing between Utility and Applicant.

4.2.2 Procedures for Issuance of Will Serve Commitments.

4.2.2.1 Applicant must submit to Utility at the time of application, plans and specifications that provide the following information:

- (a) Street and roadway layout;
- (b) Number and type of units;
- (c) Total acreage of development;
- (d) Total estimated average daily or estimated annual water demand;
- (e) Any other information that Utility may reasonably require for the proper processing of the application;
- (f) Identification of the water rights to be transferred to Utility, including:

Section 4.3 Water and Sewer/Effluent Facility Construction Charge Calculation. The calculation of the amount of capacity required for a new user's property is determined using generally accepted engineering standards to be determined at the sole discretion of the Utility. If, the Applicant's requirement for fire flow exceeds standard or available fire flow in any area, the Applicant will be required to pay the costs to install any additional facilities required. If, after one full year, the Applicant's actual historic average daily demand exceeds estimated average daily usage, the Applicant must provide additional funds for facility capacity as determined by the Utility. This provision does not apply to residential use except where the type of said use changes.

4.3.1 Applicability.

4.3.1.1 A Water and Sewer/Effluent Facility Construction charge will be charged to customers for new or expanded water service. This is a one-time charge on the property unless service is expanded, or the property use changes requiring more storage capacity.

4.3.1.2 The Water and Sewer/Effluent Facility Construction Charge shall be paid in advance of receiving a will serve commitment.

4.3.1.3 At the sole option of Utility, Utility may allow an Applicant to construct all or part of the Water and Sewer/Effluent facilities required for the Applicant's proposed development in lieu of paying all or a corresponding pro rata portion of the capacity fees.

4.3.2 Calculation of Water and Sewer/Effluent Facility Construction Charges.

4.3.2.1 The Facility Charges required will be computed separately for the following classifications. The actual charge will be determined based on the applicants' uses and facility costs at the time of the application.

SERVICE CLASSIFICATIONS:

Single Family Residential and Modular Home Lot

Mobile Home Estate Lot

Duplex (per unit)

Condominiums or townhouses (per unit if separately metered)

Apartment (per unit if separately metered)

Mobile Home Park Lot (per unit if separately metered)

RV Park (per unit if separately metered)

Commercial, Industrial, Landscaping, Multi-Family, and RV Park if not separately metered & Others:

- (a) 25 gallons per day per fixture
- (b) Estimated average daily water demand as furnished by the customer and verified by Utility, and/or any other governing agency; or
- (c) Current edition of the Uniform Plumbing Code at

4.3.2.2 The final calculation for Commercial, Industrial, Landscaping & Other Water and Sewer/Effluent Facility Construction Charge is at the sole discretion of Utility notwithstanding any other provision hereof.

4.3.3 Special Facilities Charge.

4.3.3.1. When service is requested by Applicant requiring special facilities not regularly established or set forth in these Rules and Regulations, Applicant, before service to said property can be accepted by Utility shall prepay the entire cost of

the Special Facilities as determined by the Utility.

4.3.3.2. If service lines or the facilities are installed by the Customer, with the permission of the Utility, in each special case, the Customer shall be required to pay all oversight, inspection, or other costs as incurred by or required by the Utility.

Section 4.4 Water Rights.

4.4.1 Will Serve Conditions. Applicants for new or increased water service may receive a will serve commitment only after transfer of sufficient water rights from a fully dependable water source and subject to the conditions set forth below. The will serve commitment shall be issued only upon Applicant providing the following:

4.4.1.1 The cost to research and verify title of water rights;

4.4.1.2 The cost to transfer the water rights including, but not limited to, the cost to prepare, obtain and record any required permits and transfer documents;

4.4.1.3 Water rights sufficient to satisfy the demand of the project, equal to the project demand and valid for transfer that reflect the correct point(s) of diversion, manner of use, and place of use;

4.4.1.4 If the water resource provided to Utility requires greater treatment than Utility's primary sources, Applicant will pay to Utility the differential treatment costs;

4.4.1.5 The Manner of Use shall be Municipal or Quasi-Municipal;

4.4.1.6 The Place of Use shall be identified in the Application permit and Report of Conveyance as the entire Utility Service Territory;

4.4.1.7 The Point of Diversion. The Point of Diversion shall be the same as the current permit unless approved by Utility. Applicant shall provide Utility with a map showing the current "Point of Diversion." Applicant's water rights must be from Points of Diversion within the Utility service area. If Applicant must change the point of diversion for any of the identified water rights, the proposed change must be submitted to Utility for review and approval prior to any request for change being filed with IRD. Applicant agrees to bear all costs and fees associated with any special conditions, requirements and/or mitigation acceptable to Utility that might be required by the IRD in regard to any change application;

4.4.1.8 Investigation and Approval by Utility. Applicant will identify its water rights permits and provide any information requested by Utility in regard to its water rights so Utility will have at least 90 days, prior to Applicant's desire to have a Will Serve issued, to determine if Applicant's water rights are sufficient, and meet Utility criteria for acceptance. Utility reserves the right to reject any water rights offered for dedication if Utility determines that any of the required criteria for acceptance have not been met or the conditions are unsatisfactory.

Section 4.5 Expansion, Construction and Extensions of Facilities (Extension of Facilities).

4.5.1 Applicability.

Under the provisions of this paragraph, Utility may make expansions, construction, extensions and/or alterations of its utility system(s) to serve applicants requesting service within or without Utility's existing service area. In appropriate cases, as defined, Applicants shall be required to pay their pro-rata share of existing facilities. The yard lines and house piping are not part of Utility's system and shall, subject to inspection by Utility, always be the responsibility of the Applicant.

4.5.2 Cost.

All costs of such Extension Facility, including design costs, construction costs, inspection fees, associated professional fees and costs incurred by Utility under this Section in connection with an application to serve an individual customer or an application by the Developer of a Development, shall be paid for by the Applicant.

The cost of all Extension Facilities made under the provisions of this Section shall be Utility's estimated cost of making such changes in accordance with Utility's engineering and construction practices. Utility's estimated cost shall also be used to determine preconstruction advances required hereunder.

The cost of all Extension Facilities made hereunder shall also consist of the transmission and distribution facilities required to provide such service which among other things, shall include all mains, valves, fittings, regulator stations, booster pumps, reservoirs, service pipes and other facilities and appurtenances.

The cost of all expenses and/or alterations made hereunder shall also include Utility's related costs for all regulatory, environmental and other fees, engineering, permitting, inspection, material, labor, transportation, net retirement costs of existing facilities if retired, associated overheads and other.

4.5.2.1. Temporary Extensions and/or Alterations of Facilities:

In addition to all costs applicable to the installation of facilities, cost of temporary extensions and/or alterations shall include the net cost of retirement of facilities previously installed hereunder.

4.5.3 Advances.

An advance, equal to Utility's estimated cost, will be required thirty (30) days prior to the start of construction on any construction or improvement made under the provisions of this Section.

4.5.3.1 Utility may require cash or an acceptable bond or guaranty at an earlier date whenever installation of the requested extension requires firm scheduling of the project by Utility more than thirty (30) days prior to construction.

4.5.3.2. When an Applicant for service posts an acceptable bond or guaranty in lieu of cash, such Applicant shall advance estimated costs in cash as thirty (30) days prior to the start of construction, except that the cost of special materials not normally stocked by Utility in the type or quantities needed, will be advanced in cash upon demand by Utility after receipt by Applicant of billing for such materials.

4.5.3.3. In those instances where more than one Applicant is to be serviced from the same extension and/or alteration, the total advance required from such group of Applicants shall be apportioned among the members of the group in such manner as they may mutually agreed upon. It shall equal Utility's total cost for providing service to the group as determined by Utility.

4.5.3.4 If actual construction costs incurred by Utility are less than the advance deposited by the Applicant, Utility will refund the difference to the Applicant within 120 days after the later of completion of construction of all invoices have been received.

4.5.4 General Construction Conditions.

4.5.4.1 Facilities.

4.5.4.1.1 All facilities installed by Utility and Applicant hereunder except for the yard line and house piping shall be assigned to and remain the sole property of Utility.

4.5.4.1.2 Size, type, quality of material and location of facilities hereunder shall be selected by Utility.

4.5.4.1.3 Any contractor performing work on Utility property or equipment must provide the Utility with proof of liability, property and workers compensation insurance in an amount to be determined by the Board, which amount shall not be less than \$2,000,000.00 for general liability.

4.5.4.2 Construction.

4.5.4.2.1 Unless otherwise specifically provided in these regulations or agreed to between Applicant and Utility, all construction shall be the responsibility of Utility or its qualified contractor.

4.5.4.2.2 Work performed by the Applicant shall be performed in such a manner as to permit Utility to perform its work without delay and in an efficient manner.

4.5.4.2.3 Applicant Installations

Applicants for Extension Facilities may be allowed to install Extension Facilities, which decision shall be at the sole discretion of the Utility and when agreed to in writing by Utility.

4.5.4.2.3.1 The following conditions must be complied with for an Applicant to qualify to install facilities under these provisions of an Applicant Installation: All design plans and specifications shall be prepared at the Applicant's expense and to the Utility's standards, and shall be approved in writing by the Utility. The Utility shall notify the Applicant of Utility's election to oversize any facilities being constructed by or for Applicant.

4.5.4.2.3.2 All phases of the project installation shall be subject to

inspection by Utility at the Applicant's expense. The Applicant must provide Utility written notice 48 hours before construction begins. Applicant shall coordinate the construction and installation of facilities with Utility so that Utility may inspect the facilities at Applicant's expense as Utility deems necessary.

4.5.4.2.3.3 The Applicant's contractor must qualify in accordance with Utility's guidelines for a qualified contractor for Utility installations. The contractor must be licensed in Idaho and have sufficient qualified personnel and sufficient reliable equipment to perform in a workmanlike manner before installation is commenced,

4.5.4.2.3.4 The Applicant and/or the contractor must comply with any additional specified construction standards and/or governmental requirements including a UEPA and any OSHA, State, and County requirements, that may apply in all phases of the project installation,

4.5.4.2.3.5 The Applicant must provide all materials in accordance with the specifications of Utility and all material provided will be subject to acceptance by Utility, based on inspections by Utility at Applicant's expense,

4.5.4.2.3.6 If, during installation of the facilities under provisions of an Applicant installation, the Applicant's contractor, for any reason, must cease work on the installation, Utility must be notified by the contractor at least five (5) working days prior to recommencing work unless otherwise agreed to by Utility. A failure to comply with this provision shall result in a penalty of two hundred fifty dollars (\$250.00) per violation,

4.5.4.2.3.7 The Applicant must agree to install any oversized facilities specified by Utility so long as the Applicant is reimbursed for the cost of the oversizing. The Applicant will be reimbursed an agreed upon amount for the over sizing as determined by the construction or extension agreement with the Applicant.

4.5.4.2.3.8 The Applicant must start the project in accordance with Utility's established schedule and pursue the work at a satisfactory rate.

4.5.4.2.3.9 Within 90 days of completion of the project, the Applicant will provide to Utility in electronic format (AutoCAD), as-built drawings in compliance with Utility's engineering design standards. A failure to comply with this provision shall result in a penalty of two hundred fifty dollars (\$250.00) per month until supplied,

4.5.4.2.3.10 Approval of Facilities:

4.5.4.2.3.10.1. Applicant shall provide Utility written notice within 48 hours after a qualified contractor completes construction of facilities.

4.5.4.2.3.10.2 Utility shall perform a final inspection and complete all testing required by Law at Applicant's expense, within a reasonable time after it receives the notice required by this Section.

4.5.4.2.3.10.3 Utility shall approve or reject the facilities in writing within a reasonable time after it completes the final inspection and testing required by this Section.

4.5.4.2.3.10.4 Applicant shall guarantee all materials and workmanship against defects for a period of three years following final acceptance of the work by Utility.

4.5.5 Extension Agreements for Utility Installed Facilities.

4.5.5.1 All Applicants requesting Extension Facilities service under the provisions of this Section shall be required to enter into Extension Agreements covering the terms under which Utility shall make extensions and/or alterations. If the Applicant is allowed to construct the Extension Facilities then a Construction Agreement shall also be entered into.

4.5.5.2 All funds deemed necessary for cost of extensions and/or alterations will be deposited with Utility thirty (30) days prior to the start of construction.

4.5.5.3 Refunds may be due and payable pursuant to any agreement entered into under this Agreement.

4.5.5.4 Estimates, Plans and Specifications /

4.5.5.5 Upon application by Applicant for service hereunder, Utility shall expeditiously prepare estimates of costs to be advanced by such Applicants.

4.5.5.6 The Applicant must initially provide Utility with plans and load information in a timely manner to allow Utility to develop detailed plans, costs and a construction schedule. All Applicants requesting Applicant-installed extensions and/or alterations under the provisions of this Section, shall be required to advance to Utility the estimated cost of preparation of detailed plans, specifications and cost estimates. On completion of the plans, if the advance exceeds Utility's cost, any excess will be refunded to the Applicant. If the advance is less than Utility's actual cost, any deficiency will be paid by the Applicant. The Applicant must agree to install any oversized facilities specified by Utility. The Applicant shall be reimbursed Utility's estimated cost difference of oversized facilities and a facility sufficient to provide the required service.

4.5.5.7 Such requests shall be accompanied by maps to suitable scale and AutoCAD compatible files showing street and lot layouts and, if requested by Utility, contours or other indications of relative elevations of various parts of the area to be developed.

4.5.5.8 As requested by Utility, Applicant shall furnish any required property ownership, property description, plot plan or record of survey information concerning the area to be served under the provisions of this Section.

4.5.5.9 If changes are made subsequent to the presentation of the aforesaid information and these changes require additional expense to Utility in revising plans, specifications and cost estimates, this additional expense shall also be advanced by Applicants.

4.5.5.10 Utility shall, upon request, make available within ninety (90) days after receipt of the deposit or deposits referred to above, such plans, specifications and cost estimates of proposed extensions and/or alterations. If extensions are to include over-sizing of facilities to be done at Utility's expense, appropriate details shall be set forth in the plans, specifications and cost estimates. Within the same ninety (90) day period, Utility shall submit the plans and specifications to all governmental agencies from which approval is required. If extensions are to include over-sizing of facilities to be done at Utility's expense, appropriate details shall be set forth in the plans, specifications and cost estimates. The Applicant shall be reimbursed or credited for the costs associated with over-sizing thirty (30) days after completion of the project.

4.5.5.11 If an Extension Agreement is executed between such Applicants and Utility within twelve (12) months after detailed plans, specifications and cost estimates are furnished, the aforesaid deposit or deposits shall become a part of any required advances.

4.5.5.12 If an Extension Agreement is not executed between such Applicants and Utility within twelve (12) months after detailed plans, specifications and cost estimates are furnished, the aforesaid deposit or deposits shall be forfeited.

4.5.5.13 Estimates provided hereunder shall be firm for a period of three (3) months after the date of transmittal.

4.5.5.14 Utility will maintain a set of engineering design standards. All proposals will be consistent with these standards.

4.5.5.15 Additional construction to existing facilities is considered as a new line extension. No existing customer of Utility shall be burdened with any portion of the costs associated with facilities needed by a new Applicant. Utility shall maintain detailed records of actual costs and provide all Applicants with an opportunity for review of such records, for a period of three (3) years following completion of the line or main extensions.

4.5.6 Subsequent Applicants and Refunds.

4.5.6.1 When a request for service is received from a new Applicant who can be served from a completed project within ten (10) years from the date service was initially established for such project, the original costs for the entire project will be reapportioned to include the new Applicant. The new Applicant shall pay his proportionate share of the reapportioned extension.

of facilities costs as computed under this Section.

4.5.6.2 The new Applicant's proportionate share will be determined as follows:

4.5.6.2.1 Costs that vary directly with the length of the extension shall be determined by the following steps:

Step 1: Divide the length of the previous extension which is required to provide service to the Applicant by the total length of the previous extension.

Step 2: Multiply the number obtained in Step 1 times the costs that vary directly with the length of the extension.

Step 3: Divide the dollar amount which results from Step 2 by the number of customers based on EDU including the Applicant who utilizes the portion of the extension for which Applicant is making a contribution.

4.5.6.2.2 Costs that do not vary directly with the length of the extension shall be determined by dividing the dollar amount of these costs by the number of customers based on EDU including the Applicants who utilize the portion of the extension for which the new Applicant is making a contribution.

4.5.6.2.3 The new Applicant's proportionate share shall be the sum of the dollar amounts calculated in Steps 1 and 2 unless the Board determines, in its discretion, that the Applicant's share can be more equitably determined under an alternative manner or methodology.

4.5.6.3 The original cost for the entire project shall be:

4.5.6.3.1 If Utility installed the extension, the actual cost of the extension.

4.5.6.3.2 If the Applicant installed the extension, the lesser of the actual cost of the extension or Utility's estimated cost of extension.

4.5.6.4 When a project is re-computed as described above, existing customers will be refunded the difference between the original costs and the re-computed costs. An exception to this rule will be given if construction standards are changed from the original construction or a law changes that affects the cost.

4.5.6.5 Where an additional extension is required from the existing extension to the new Applicant service location, the costs of the additional construction, as computed, shall be paid by the new Applicant.

4.5.7 Easements, Rights-of-Way and Permits.

4.5.7.1 Utility shall only make extensions under this Section when such extension will be located in a public street, road or highway which Utility

has the legal right to occupy or on public lands and private property across which rights-of-way, easements or permits satisfactory to and in favor of Utility, have been delivered in recordable form to Utility. If required by Utility, a CLTA policy of title insurance shall be delivered to Utility showing Utility's easement or other interest to be free of all prior liens or encumbrances except only those acceptable to Utility.

4.5.7.2 Utility shall not be required to purchase rights-of-way for extensions and/or alterations made under the provisions of this Section.

4.5.8 Disagreements or Disputes.

There shall be no right to challenge calculations or determinations made under this Section, the parties recognizing that no proposed New User shall have an entitlement right to join the Utility except on such terms and conditions as ultimately determined by the Utility.

4.5.9 Dedication of Facilities.

4.5.9.1 All Line Extension Facilities, personal property and real property dedicated to Utility shall be free and clear of liens and encumbrances. Applicant/ developer shall provide documentation to Utility's satisfaction demonstrating the cost of the facilities and that facilities, personal property and real property are free and clear of all liens and encumbrances. Such documentation may include, but is not limited to, invoices, lien waivers and releases from contractors, subcontractors and vendors for materials, equipment, suppliers and construction of Line Extension Facilities.

Utility may impose other reasonable terms and conditions on the acceptance that the Applicant/developer demonstrate that all Line Extension Facilities have received necessary local governmental approvals.

4.5.9.2 Subsequent to inspection by Utility, and for three years following Utility's final acceptance of the Line Extension Facilities and any dedicated Applicant construction, Applicant/developer shall, at Utility's option and request, promptly correct, or cause to be corrected, all defects and deficiencies in construction, materials and workmanship, at Applicant/developer's sole cost and expense or reimburse Utility for Utility's costs of correcting all defects and deficiencies in construction, materials and Workmanship.

4.5.9.3 Developer shall convey to Utility or provide by recorded subdivision plats, in either case at no cost or expense to Utility, such easements or rights-of-way within the Property for the Facilities and off-site interconnections and the use, operation and maintenance thereof as Utility shall reasonably require for the performance of Utility's obligations under this Section. All easements and rights-of-way shall be in a form satisfactory to Utility.

4.5.10 Special Provisions.

4.5.10.1 All Applicants requesting service under the provisions of this

Section shall be provided details of estimated costs and other data setting forth the terms and conditions under which Utility shall make extensions and/or alterations hereunder.

4.5.10.2 All Applicants requesting deviation from any of the terms and conditions of this Section shall be required to enter into a written extension agreement containing the terms and conditions under which Utility shall make the extension and/or alteration.

4.5.10.3 Subject to Utility approval of assignee, any application for service entered into under this Section may be assigned upon written notice to Utility by the holder of said application for service, as shown on 4.5.8.3 Utility's records.

4.5.10.4 Construction may not commence until all permits including a UEPA, if necessary, are obtained.

ARTICLE V. AMENDMENTS

Section 5.1 Procedure for Amending Rules and Regulations. Amendment of these Rules and Regulations shall occur in accordance with the procedures as set forth herein.

5.1.1 Proposal of Amendment. The Utilities Board, the Board of Directors of the Association or any Member of the Association may make proposals for amendment of these Rules and Regulations. Any proposed amendment shall be delivered to a member of the Utilities Board along with a statement explaining the proposed amendment and setting for the rationale supporting such amendment.

5.1.2 Determination of Basis for Amendment. If the Utilities Board, in an open meeting, determines that there is a reasonable basis for the amendment of these Rules and Regulations as proposed, the Utilities Board shall cause a draft of the proposed rule or regulation to be completed. In so doing, the Utilities Board shall seek legal advice both as to the propriety and legality of the amendment and as to the language of the amendment.

5.1.3 Notice. A copy of the draft amendment shall be sent to the Association and to each Owner, in accordance with the notice provisions set forth in the Declaration, and shall be posted in a conspicuous location on the property. The proposed amendment shall be accompanied by a notice setting forth the time and place of a hearing at which the Utilities Board will receive comment concerning the proposed amendment. The hearing date shall not be less than thirty (30) days from the date of the notice.

5.1.4 Procedures for Hearing. The members of the Board of Directors of the Association and all Owners wishing to comment on the proposed amendment shall be given an opportunity to do so at the hearing. The hearing panel shall consist of the Utilities Board members, in attendance at the hearing, and those Utilities Board members shall appoint a chairperson for the hearing. A lack of a quorum of Utilities Board members shall not invalidate the proceedings. The purpose of the hearing is not to vote on the issue, but rather only to obtain information and comment regarding the proposed amendment.

5.1.5 Action on Amendment. Following the hearing, and at a separate meeting of

the Utilities Board, whether regular or special, the hearing panel shall summarize the information and comments received at the hearing and the Utilities Board shall fully discuss the amendment. After such discussion, the Utilities Board may accept, reject, amend or table the proposed regulation by majority vote. In the event the Utilities Board determines to amend or table the proposed amendment, further hearings may but need not be held in conformity with the hearing procedures set forth in this Article.

5.1.6 Adoption. Upon adoption of any amendment to these Rules and Regulations, the Utilities Board may make a determination of the effective date of the amendment and of reasonable and appropriate fines and/or penalties for violation of the amendment. Such determination shall be included with the amendment as adopted.

5.1.7 Publication of Amendment. Copies of any adopted amendment shall be forwarded to each Owner no later than twenty (20) days after such adoption. Black Rock Utilities shall compile and maintain these Rules and Regulations and all amendments thereto, and shall make the same available to the Association or any Owner within a reasonable time upon request made in writing to a member of the Utilities Board.

ARTICLE VI. ADMINISTRATIVE PROVISIONS

Section 6.1 Recordation. These Rules and Regulations and any amendments thereto shall be timely recorded in the records of Kootenai County against any property receiving service from the Utility. A summary notice specifically referencing the same may be recorded against any service properties outside of the BRPUD.

Section 6.2 Transferability. Black Rock Utilities reserves the right to sell or transfer, at its sole option, the water or sewer system, or both, to the Association, a legally organized water district, a public corporation or a private individual or entity.

Section 6.3 No Waiver. No failure to present a bill, enforce, delay or omission in the exercise of any right or remedy by Black Rock Utilities or the Utilities Board related to any violation or default by any Owner shall not impair such right or remedy, or be construed as a waiver of such right or remedy. The receipt and acceptance by Black Rock Utilities of delinquent fees or payments shall constitute only a waiver of timely payment for the particular payment involved, and shall not constitute a waiver of any other default or delinquency.

Section 6.4 Construction. In case any one or more of the provisions contained in these Rules and Regulations shall, for any reason, be held to be invalid, illegal, unconscionable or unenforceable in any respect, such invalidity, illegality, unconscionability, or unenforceability shall not effect any other provision hereof and these Rules and Regulations shall be construed as if such invalid, illegal, unconscionable or unenforceable provision had never been contained herein, and all other terms and provisions hereof will nevertheless remain effective and be enforced to the fullest extent permitted by law.

Section 6.5 Reservation of Other Remedies. In addition to the remedies set forth herein, Black Rock Utilities and the Association reserve the right to enforce any restrictions contained herein by any other appropriate action at their option.

Section 6.6 Resolution of Disputes.

6.6.1 Hearing. If any dispute or question arises between Members and the Utility Board, or between Members and Black Rock Utilities or the Association, or relating to the

interpretation, performance or nonperformance, violation or enforcement of Black Rock Documents, including these Rules and Regulations, such dispute or violation may be subject to a hearing and determination by the Board in accordance with the procedures set forth in the Bylaws of the and Black Rock Utilities. For Owners outside of the BRPUD the same dispute resolution procedures will be followed.

6.6.2 Arbitration. All claims, disputes and other matters in question arising out of, or relating to these Rules and Regulations, which are not resolved in accordance with 5.7.1, or the breach of any provision of these Rules and Regulations shall be decided by binding arbitration in accordance with the Idaho Uniform Arbitration Act. This agreement to arbitrate shall be specifically enforceable under Idaho law. The arbitration shall be held in Coeur d'Alene, Idaho, unless the parties agree otherwise. In no event shall a demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matters in question would be barred by the applicable statute of limitations. The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction.

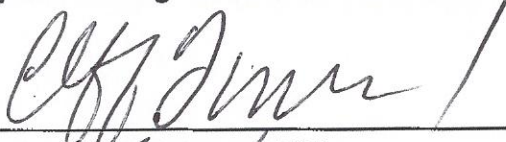
Section 6.7 Selection of Arbitrators. Each party shall select one arbitrator within ten (10) days of the receipt of demand for arbitration. Within twenty (20) days after the receipt of a demand for arbitration, the two (2) selected arbitrators shall jointly select a third arbitrator to participate in the arbitration. If either party fails to select an arbitrator within the ten (10) day period, or if the two (2) selected arbitrators fails to agree on a third arbitrator, a party may make immediate application to the District Court for the First Judicial District of the State of Idaho located in Kootenai County for appointment of a second or third arbitrator, as the case may be.

Section 6.8 Recovery of Costs. If legal assistance is obtained to enforce any of the provisions of these Rules and Regulations, or in any legal proceeding (whether or not suit is brought) for damages or for the enforcement of these Rules and Regulations or the restraint of violations of these Rules and Regulations, the prevailing party will be entitled to recover all costs incurred by it in such action, including reasonable attorneys' fees and legal assistants' fees as may be incurred, or if suit is brought, as may be determined by the court, including costs of appeal.

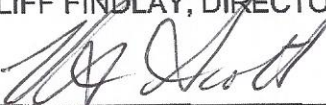
Dated this 15 day of JUNE, 2012.

BLACK ROCK UTILITIES, INC.

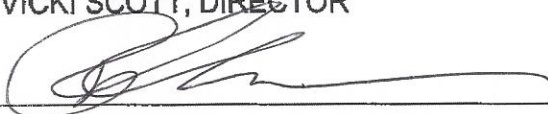
By and through its Board of Directors



CLIFF FINDLAY, DIRECTOR



VICKI SCOTT, DIRECTOR



ROGER ANDERSON, DIRECTOR