Clarendon Water Company

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Original Title Sheet
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Original Title Sheet
Original Sheet Nos. 2 & 5 through 9
Second Revised Sheet Nos. 3 & 4

RULES, REGULATIONS AND CONDITIONS OF SERVICE

WATER

Applies to the following Territories:

Clarendon Hills Subdivision, DuPage County, Illinois

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2335 Sanders Road, Northbrook, IL 60062
Address of Officer

EXHIBIT
1.4

TABLE OF CONTENTS

Sheet No.

1. RULES AND REGULATIONS GOVERNING TERMS AND CONDITIONS OF SERVICE: 3
2. DEFINITIONS: 3
3. APPLICATIONS FOR AND INSTALLATIONS OF SERVICE CONNECTIONS: 5
4. CUSTOMER'S LIABILITY FOR CHARGES: 6
5. SERVICE CONNECTIONS: 7
6. CUSTOMER'S SERVICE PIPES: 8
7. WINTER CONSTRUCTION: 10
8. CROSS-CONNECTIONS: 10
9. METERS AND METER INSTALLATIONS: 13
10. FIRE SERVICE CONNECTIONS: 15
11. SEASONAL, STANDBY AND TEMPORARY SERVICE CONNECTIONS: 17
12. METER TEST AND TEST FEES: 17
13. METERS REGISTERING FAST OR SLOW BEYOND ALLOWABLE LIMITS: 18
14. METERS NOT REGISTERING: 18
15. CUSTOMER SERVICE CHARGES: 18
16. CUSTOMER'S DEPOSIT: 19
17. DISCONTINUANCE OF WATER SERVICE: 19

Issued _____ Effective _____
Month Day Year Month Day Year

Issued By Lisa Sparrow President
Name of Officer Title of Officer

2335 Sanders Road, Northbrook, IL 60062
Address of Officer

18. OUTSIDE WATER RESTRICTIONS: 21

19. RECONNECTION CHARGE: 22

20. RENEWAL OF WATER SERVICE AFTER DISCONTINUANCE: 22

21. BILLS FOR WATER SERVICE: 22

22. TERMS OF PAYMENT: 23

23. ABATEMENTS AND REFUNDS: 24

24. INTERRUPTIONS IN WATER SUPPLY: 24

25. DAMAGE TO COMPANY PROPERTY: 24

26. LIABILITY OF COMPANY: 25

27. EXTENSION OF MAINS: 25

28. EXTENSION OF MAINS - OTHER: 28

29. EXTENSION OF MAINS - SPECIAL: 29

30. WATER FOR BUILDING AND CONSTRUCTION PURPOSES: 30

31. GENERAL: 31

AGREEMENT FOR MAINTENANCE OF PRIVATE WATER LINES 33

Issued _____ Effective _____
Month Day Year Month Day Year

Issued By Lisa Sparrow President
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2335 Sanders Road, Northbrook, IL 60062
Address of Officer

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

GENERAL INFORMATION

1. RULES AND REGULATIONS GOVERNING TERMS AND CONDITIONS OF SERVICE:

The supplying of water, including the extension of mains and the making of connections thereto, by Clarendon Water Company shall be subject to the following Rules, Regulations, and Conditions of Service, and its charges for and the cost of water service shall be at the rates specified in rate schedules filed from time to time by the Company with, and approved by, the Illinois Commerce Commission. Every customer, upon signing an application for any service rendered by the Company, or upon the taking of water service, shall be bound by these Rules, Regulations, and Conditions of Service and such rate schedules.

2. DEFINITIONS:

A. "Company" means Clarendon Water Company, acting through its officers, managers or other duly authorized employees or agents.

B. "Cross-connection" means any direct or indirect connection between a Customer's piping system having a service connection to the Company and any other piping or plumbing systems, or a vessel such as, but not limited to, compressed gas cylinders, sinks, toilets, drains, and other pressurized or unpressurized liquid or gaseous containers, which contain, or which could contain, any substance other than water supplied by the Company. Cross-connection also means any use of water supplied by the Company which permits, or which could permit, backflow of water or any other substance into the Company's mains.

C. "Customer" means the party contracting for water service.

D. "Customer's service pipe" means that portion of the service pipe between the curb stop at or near the property line and the premises to be supplied.

E. "Main" means the supply pipe, owned and maintained by the Company, to which service connections are attached to supply water to one or more customers.

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

F. "Meter" means a mechanical device owned by the Company which measures and records the quantity of water supplied to a customer.

G. "Owner(s)" means a person, firm, corporation or association having an ownership interest in any premises or property which is, or is about to be, supplied with water service by the Company.

H. "Premises" means:

(1) A building under one roof owned or leased by one party and occupied as a residence, or for business, industrial, or commercial purposes; or

(2) A group or combination of buildings owned or leased by one party, occupied by one family, or one corporation or firm, or as a place of business, or for manufacturing or industrial purposes, or as a hospital or other public institution; or

(3) One side of a double house having a solid vertical partition wall; or

(4) A building owned or leased by one party containing more than one apartment and having one entrance and using one hall in common; or

(5) A building owned or leased by one party having a number of apartments, offices or lofts which are rented to tenants; or

(6) A public building such as a town hall, school house, or fire engine house; or

(7) A single lot, park, playground, or campsite; or

(8) Each house or building in a row having party walls, i.e., townhouses/condominiums.

I. "Private fire service connection" means a pipe, with appurtenances owned by the customer, which is used to conduct water from the main to the customer's private fire protection system.

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

J. "Remote meter reading device" means a water meter register installed outside of buildings or structures on the customer's premises and connected to the meter installed inside the customer's premises.

K. "Revenue" means funds collected from customers in accordance with rate schedules filed from time to time by the Company with the Illinois Commerce Commission.

L. "Seasonal service" means service supplied to customers whose water needs are primarily seasonal or who require increased water service for equipment or processes operated only for part of the year.

M. "Service connection" means a pipe with appurtenances used to conduct water from the main to and including the curb stop or meter well at or near the property line. "Service connections" may serve one or more customers at Company option; provided that each customer shall have its own curb stop or other means of control as approved by the Company.

N. "Standby service" means service supplied for standby or breakdown purposes or to supplement the customer's water supply.

O. "Temporary service" means service supplied for temporary purposes and to housing without permanent foundations for which the period of service is usually less than one year, except as covered otherwise.

P. "Tenant" means anyone occupying any premises or property under lease, oral or written, from the Owner and obtaining water service from the Company's mains.

Q. "Yearly service" means service supplied to customers who require water during twelve (12) months of each year.

3. APPLICATIONS FOR AND INSTALLATIONS OF SERVICE CONNECTIONS:

A. Application for a new service connection or application for water service through an existing service connection shall be made in writing, in person or by electronic means at the office of the Company by the prospective customer on forms

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

furnished by the Company. The application for water service shall, in general, clearly outline the class, scope and type of use to be made of the service.

B. If, for the convenience of the applicant, an application is accepted orally, via telephone or otherwise, the taking of water service shall constitute a contract between the applicant and the Company, obligating the applicant as a customer to pay for, and the Company to furnish, service as specified herein and to comply with all applicable provisions of the Company's Rules, Regulations, and Conditions of Service. If the application is accepted orally, the customer shall, if requested by the Company, sign a written application. A telephone application for service will not be accepted from a third party who will not be the customer.

C. Any change in the identity of the contracting customer at a premises shall require a new application and the Company may, after reasonable notice, discontinue the water supply pursuant to Rule 17 hereof until such new application has been made and accepted.

4. CUSTOMER'S LIABILITY FOR CHARGES:

A. A customer who has applied for water service to a premises shall be held liable for all water service furnished to such premises until such time as the customer notifies the Company to discontinue the customer's service or until service for a new customer is established at the premises.

B. A customer who discontinues service and re-establishes service within six months of the date of service termination will be billed customer charges and public fire protection charges for the period of time for which service was discontinued.

C. The Company shall have the right to bill for call-out service requested by the customer or service necessitated by the customer's negligence where work after regular business hours or overtime is involved at the applicable labor, vehicle and overhead rate. Labor costs shall be calculated on the following basis:

Minimum Call-outs: The charge for an after-hours service call shall reflect a minimum of two hours for the individual called out at the designated rate of pay. In no instance will the Company bill a customer for more than its actual cost to the Company of performing the call-out service in an efficient manner nor will

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

this Rule supersede any fixed charges embodied in other Rules within these Rules, Regulations, and Conditions of Service.

5. SERVICE CONNECTIONS:

A. Service connections will only be made when (i) the premises to be served abuts a public right-of-way or easement in which a main is already installed, or (ii) after installation of a main in the abutting public street pursuant to Rule 27, 28, or 29 hereof; provided, however, that service connections will be made to mains not located in the public street abutting the premises in special cases where permitted, in the judgment of the Company, by sound engineering principles.

B. The size and location of the service connection shall be determined by the Company on the basis of information given on the customer's application. The minimum size for any service connection hereafter installed shall be the size required by the Illinois Plumbing Code. The kind of material to be used for service connections shall be determined by the Company.

C. Except as otherwise provided in the Company's Rules, Regulations and Conditions of Service, service connections from the main to the curb stop at or near the property line, for yearly services, shall be furnished, installed and maintained at the Company's expense. The Company will not be required to replace any existing service connections with larger pipe unless the customer has previously laid pipe of a size adequate to accommodate the service demanded from the property line to the premises.

D. Whenever, at the request for service by an owner or tenant, a service connection is provided through which service is not immediately and continuously desired, said property owner or tenant shall pay in advance to the Company the estimated cost of providing, placing and constructing the service pipe and accessories, but said owner or tenant shall be entitled to a refund without interest whenever water service is begun for such part of the expense as the Company is hereunder required to assume. Such refund shall be the cost of said service pipe and accessories.

E. All service connections shall be laid below the appropriate frost line for the area as determined by the Company.

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

6. CUSTOMER'S SERVICE PIPES:

A. The customer's service pipe between the property line and the structures on the premises to be supplied shall be furnished and installed by the customer at the customer's expense and risk. The pipe shall be of a size not smaller than the service connection, and the minimum size shall be in accordance with Illinois Plumbing Code. The type of material used for the service pipe shall be approved by the Company.

B. The service pipe shall be placed in accordance with the Illinois Plumbing Code and shall be installed in a trench at least five feet (5') in a horizontal direction from any other trench wherein are laid gas pipe, sewer pipe or other facilities, public or private, unless otherwise specifically authorized and approved by the Company. Customer's service pipe shall be laid to the property line, at a point designated by an authorized employee of the Company before the Company shall be required to allow connecting such service pipe with the service connection.

C. Service pipes in structures shall be located in the parts thereof best protected from frosts. In structures where there are no basements, the pipes shall be installed in such a manner as reasonably to protect said pipes from freezing.

D. The Company shall provide one water service connection for any one building on the Owner's lot. The Owner shall obtain a separate water service connection for each living unit in a multiple housing unit where each living unit has its own separate entrance on grade and could have individualized ownership. Each separate water service connection shall be separately metered and billed. Each multiple housing building where each living unit does not have its own separate entrance on grade and could have individualized ownership, shall have one water connection per building, with the meter placed in a meter room accessible from a common hallway, separate outside entrance on grade, or outside of the Owner's premises. Each building in a commercial premises such as a strip mall shall have one water service connection and one meter regardless of the number of establishments. Each building on a public authority lot shall have one water service connection and one meter.

E. A water service connection shall not be installed where any portion of the Customer's service pipe must pass through lands, buildings, or parts of buildings

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

which are not the property of the applicant, or across a platted lot to serve another platted lot, each owned by the same customer.

F. The customer shall make all changes in the customer's service pipe required on account of changes of grade, relocation of mains or other causes created by the customer.

G. No non-metered attachment to the customer's service pipe shall be made between the meter and the street main.

H. Each metered service shall be supplied through a separate curb stop or other means of control as approved by the Company.

I. Any repairs or maintenance necessary on the customer's service pipe or any pipe or fixture in or upon the customer's premises shall be performed by the customer at the customer's expense and risk. Such pipes and fixtures shall be kept and maintained in good condition and free from all leaks, and for failure on the customer's part to do so, the water supply may be discontinued pursuant to Rule 17 hereof. At the option of the Company, the customer may contract with the Company for necessary repairs or maintenance on the customer's service pipe or on pipes or fixtures in or upon the customer's premises.

J. For meters placed within a customer's structure, the customer shall cause to be placed, at the customer's expense, a shut-off valve on the service pipe at or near the inlet to the meter and another shut-off valve on the service pipe at or near the outlet side of the meter. For meters placed within a meter vault, the customer shall install a shut-off valve, at the customer's expense, within the customer's structure (and the Company may install at its expense such additional shut-off valves as the Company deems appropriate). For a meter within the customer's structure or within a meter vault, a backflow device may be required at the option of the Company and at the customer's expense. If so required, it will be inserted at a point approved by the Company on the house plumbing to protect the meter from excess heat and pressure due to heating water, and to protect the distribution system.

K. Where it becomes necessary to thaw a frozen service pipe, and it cannot be determined where it is frozen, and the Company, at the customer's request,

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

undertakes to thaw the same, one half (1/2) of the cost thereof shall be paid by the customer. Before undertaking to thaw the same, the Company will require the customer to sign a waiver of claim for damage against the Company thereby absolving the Company from any and all responsibility for any damage that might result from the act of thawing the customer's frozen service pipe.

7. WINTER CONSTRUCTION:

No new service pipes or extensions of mains will be installed during winter conditions (when frost is in the ground), unless the customer shall defray all extra expense occasioned by such installation.

8. CROSS-CONNECTIONS:

A. Each Customer, Owner, and/or Tenant of premises receiving water service shall prevent backflow of water or any other substance into the water mains of the Company from any cause within such premises and shall prevent and remove all cross-connections. No Customer, Owner, and/or Tenant shall make, cause, allow, or permit any cross-connection on such premises or any backflow of water or any other substance from such premises to the Company's mains.

B. An approved reduced pressure principle backflow prevention device ("RPZ") shall be installed on:

(1) Each commercial, industrial, and public authority service line except establishments which have only drinking fountains, restrooms, and kitchen facilities.

(2) All other Customers' service lines when the following conditions exist:

a. The premises has an auxiliary water supply;

b. The premises has an underground lawn sprinkler system; or

c. The premises has a reported history of cross-connections being established or re-established.

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

(3) All fire protection systems connected to the Company's water supply when any of the following conditions exist:

a. The system contains antifreeze, fire retardant, or other chemicals;

b. Water is pumped into the system or can be pumped into the system from another service;

c. Water flows into the fire safety system by gravity from a non-potable service; or

d. There is a connection whereby water can be pumped into the fire safety system from any other source.

C. All RPZ required by these rules shall be approved by the Foundation for Cross-Connection Control and Hydraulic Research at the University of Southern California, American Water Works Association, American Society of Sanitary Engineers, or American National Standards Institute, or certified by the National Standards Institute or the National Sanitation Foundation to be in compliance with applicable industry specifications.

D. Installation of RPZ shall be made in accordance with applicable regulations of the Illinois Pollution Control Board and Illinois Environmental Protection Agency, and only as specified by the Foundation for Cross-Connection Control and Hydraulic Research at the University of Southern California, American Water Works Association, American Society of Sanitary Engineers, or American National Standards Institute. In addition, installation shall be subject to the following conditions:

(1) The device shall be accessible for maintenance and testing.

(2) Minimum clearances recommended by the manufacturer shall be used.

(3) The device shall be protected against flooding and freezing.

(4) Relief ports shall not be plugged. A drain which will remain free-flowing

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

under all conditions shall be provided.

(5) A collection system with an air gap under the relief port drain shall be installed with ceiling level units.

(6) No reduction shall be made in the size of the relief port drain.

(7) A bypass and second RPZ shall be installed if there is only one service line and the water service cannot be interrupted. Bypass lines with RPZ shall not be installed.

E. It shall be the duty of the Customer, Owner, and Tenant of any premises on which an RPZ is installed to inspect, test, maintain, and repair the device at least annually or more frequently if recommended by the manufacturer.

(1) Inspection, testing, maintenance, and repair shall be performed by a person who has been approved by the Illinois Environmental Protection Agency as competent to service the device. Proof of approval shall be in writing.

(2) Each RPZ shall have a tag attached listing the date of most recent test, name of inspector, and type and date of repairs.

(3) A maintenance log shall be maintained and shall include:

a. Date of each test.

b. Name and approval number of person approving test.

c. Test results.

d. Repairs or servicing required.

e. Repairs and date completed.

f. Servicing performed and date completed.

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

(4) Whenever RPZ are found to be defective, they shall be repaired or replaced at the Customer's expense without delay.

(5) RPZ shall not be bypassed, made inoperative, or removed.

(6) After the test, the information in (3) above shall be submitted to the Company on the form provided by the Company for its records.

F. Installation, inspection, testing, and maintenance of RPZ and reports to the Company shall be at the Customer's expense.

G. Where a booster pump has been installed on the service to or within any premises, such pump shall be equipped with a lower pressure cut-off device designed to shut off the booster pump when the pressure in the service line on the suction side of the pump drops to 20 psi or less. It shall be the duty of the Customer to maintain the lower pressure cut-off device in properly working order and to certify to the Company, at least once a year, that the device is operable.

H. On request of a representative of the Company, the Customer shall furnish information regarding the piping system(s) or water use within the Customer's premises. The Customer's premises shall be accessible at all reasonable times to Company representatives for the verification of information submitted by the Customer to the Company regarding cross-connection and RPZ installation and maintenance results and for the verification of compliance with these rules.

9. METERS AND METER INSTALLATIONS:

A. All new services, other than fire services subject to Rule 10, shall be metered, and the Company shall have the right to require a meter on any existing service pipe and charge for water service by meter measurement.

B. The Owner or Customer shall provide at their expense a convenient clean, dry, safe place, not subject to a great variation in temperature so that the meter will be properly protected from freezing and other hazards. The meter shall be located for easy accessibility for installation, maintenance, reading, and disconnection.

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

C. Acceptable meter locations, so long as they meet the preceding requirements, include basements, utility rooms, furnace rooms, meter rooms, and garages. Unacceptable locations include crawl spaces, closets, and under lavatory or kitchen sinks. Meter boxes are acceptable only for mobile homes without permanent foundations, buildings without heat, existing buildings that did not have water service and do not have an adequate location for a water meter, and lawn or garden watering systems.

D. The Company shall have the right to determine the type and size of meter to be installed and location of same. Meters shall be placed at suitable locations within structures; provided, however, that, at the customer's expense, the Company may require or the customer may elect to provide a meter vault at a location acceptable to the Company. Meter vaults will be furnished, installed and maintained by the customer at the customer's expense. Meters will be protected by the customer from freezing or other damage.

E. All meters to be used by the Company shall be furnished, installed, maintained and removed by the Company and shall remain its property.

F. The Company will maintain its meters at its expense insofar as ordinary wear is concerned. Damage due to freezing, hot water or external causes that could have been prevented by ordinary precautions on the customer's part shall be paid for by the customer. The amount charged for repair will be the actual cost of maintenance and labor, including testing and overhead expenses.

G. At the option of the Company, a remote meter reading device may be installed at an accessible location if desirable to facilitate meter reading.

H. All installations of new services and house plumbing in premises shall leave such horizontal space next to the entrance shutoff for the installation of meters as required by the Illinois Plumbing Code.

I. Each premises shall be supplied through a separate meter or meters. Meter settings shall conform to installation standards as provided by the Company.

J. The customer shall promptly notify the Company of any defect in, or damage to, the meter, its connections or housing.

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2335 Sanders Road, Northbrook, IL 60062
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RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

K. The customer shall bear the cost of changing the location of an existing meter at the customer's request.

L. If the customer desires additional meters for showing internal division of the supply, they shall be furnished, installed and maintained at the customer's expense.

M. The Company reserves the right to remove and test any meter at any time and to install another meter in the place of the one removed. When a meter is removed for a test at the request of a Customer, the Company may reinstall the same meter after testing in accordance with Title 83 Illinois Administrative Code Part 600.

10. FIRE SERVICE CONNECTIONS:

A. The Company does not assume liability as an insurer of property or persons and does not furnish any special service, pressure, capacity or facility with respect to private fire services. In addition, the Company does not warrant any level of flow or pressure at or from its public fire hydrants or public fire services.

B. All materials for private fire services shall be approved by the Company, and the services must be provided with suitable valves outside of the structure under the Company's exclusive control. The entire cost and expense of installing a private fire service connection shall be borne by the customer. Said service shall be used exclusively for the extinguishment of fires and no connection for domestic, commercial or industrial use may be attached to a fire service.

C. Customers desiring private fire service must consult, before installation, with the Company as to the availability of mains, pressure, etc. No private fire service connection (other than for a single-family residence) will be made on a water main of less than six inches (6") in diameter.

D. Requests for the installation of public fire hydrants must be made by an ordinance specifying the exact locations of the required fire hydrants.

E. Public fire hydrants will be installed and maintained by the Company at its expense. Title to the hydrants, valves and fire service connections is vested in the Company and the same will at all times remain the Company's sole property.

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

F. Fire hydrants paid for by the customers installed on Company mains that are to be located in a public street or right-of-way will be installed at the applicant's expense. Title to the hydrants, valves and fire service connection is vested in the Company and the same will at all times remain the Company's sole property.

G. Private fire hydrants to be located upon or within the applicant's premises will be installed at the applicant's expense including the cost of the fire service connection. The fire service connection from main to point of use, including the fire hydrant located on the premises of the applicant, will be owned and maintained by the applicant.

H. The applicant for public and private fire hydrants will be obligated to pay the applicable tariff charge in accordance with the rate schedules in effect at the time and to comply with all applicable provisions of these Rules, Regulations and Conditions of Service.

I. Fire service connections for private fire hydrants which are installed at the applicant's expense in accordance with Rule 10(G) and (H) will be installed by the Company. The charge to the applicant will include the exact cost of labor, materials and overhead expenses.

J. No person or party may take water from any fire hydrant (public or private) except authorized persons or parties for fire purposes and no fire hydrant (public or private) may be used for any purpose except the extinguishment or prevention of fire unless the Company's prior written approval is obtained.

K. A fire service connection to be used to supply water to a fire system utilizing automatic sprinkler heads or standpipe will be installed by the Company and connected to the Company's water system at the applicant's expense. The Company reserves the right to size the connection and to specify all materials used. The fire service connection so installed will remain the applicant's sole property and will be maintained by the applicant at its expense.

L. The applicant for a fire service connection to supply water to automatic sprinkler heads or standpipes will be obligated to pay the applicable rate for such service in accordance with the rate schedules in effect at the time and to comply with all applicable provisions of these Rules, Regulations and Conditions of Service.

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RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

M. Fire service connections are to be used only for the extinguishment of fires. The Company reserves the right to require a detector check valve or a meter style backflow preventer to be installed, maintained and annually inspected at the customer's expense on a fire service connection to ensure that water is not being used for purposes other than extinguishment of fires and that contamination of the potable water system will not occur. If the Company determines that water from a fire service connection is used in contravention of these Rules, Regulations and Conditions of Service, such usage shall be subject to the usage charge specified in the Metered Service tariff or such other charge as the Commission may approve for the estimated volume of water used.

11. SEASONAL, STANDBY AND TEMPORARY SERVICE CONNECTIONS:

The customer shall bear the entire cost of the service connection and customer's service pipe for seasonal, standby and temporary service.

12. METER TEST AND TEST FEES:

A. Upon the customer's request, the Company shall test the meter supplying water to the customer making the request. This test will be without charge provided that the meter in question has not been tested by the Company within two (2) years previous to such a request. When a meter that has been in service less than two (2) years since its last test is found to be accurate within the limits specified by the Commission, the customer shall pay a fee as provided in the applicable tariffs on file with the Commission.

B. Any customer may request that the Company make a special test of the accuracy of the meter supplying water to such customer, which test will be made in accordance with the standard regulations of the Commission.

C. The customer or customer's designee has the right to witness the test but in the event the customer or designee chooses not to be present, the customer shall agree to abide by the results of the test.

D. The Company may at any time remove any meter for routine tests, repairs or replacement.

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

13. METERS REGISTERING FAST OR SLOW BEYOND ALLOWABLE LIMITS:

A. Whenever any test by the Company of a meter while in service or on its removal from service shall show such meter to have an average error of more than two percent (2%) on the test streams prescribed by the Commission, the following provisions for the adjustment of bills shall be observed.

B. The error found shall be considered for purpose of this Rule to have existed for the six (6) months preceding the test or for the time the meter has been in service at its present location if less than six (6) months, unless the inaccuracy can be shown to have existed for a different period.

C. If the meter is found to be faster than allowable, the Company shall refund to the customer concerned any overcharge caused thereby during the period of inaccuracy as above defined. The actual average error of the meter, and not the difference between the allowable error and the average error as found, shall be used as the basis for calculating the refund.

14. METERS NOT REGISTERING:

If a meter fails to register, or if the Company is unable to gain access to a customer's property, the customer shall pay at a rate determined by the record of meter readings for a reasonable prior period. The first charge after a meter reading is obtained shall be adjusted to reflect previous estimated charges and the most recent actual meter reading.

15. CUSTOMER SERVICE CHARGES:

A. No credit shall be allowed for any cause unless the customer has requested discontinuance of service and the water has been shut off by the Company for the period involved.

B. If for any reason service is discontinued before the expiration of one (1) month from commencement of service, a bill for at least the customer service charge for one (1) month will be rendered.

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

16. CUSTOMER'S DEPOSIT:

The Company shall have the right in accordance with the rules and regulations of the Illinois Commerce Commission to require the customer to make a reasonable deposit in advance to secure the prompt payment of bills.

17. DISCONTINUANCE OF WATER SERVICE:

A. Service rendered under any application, contract or agreement may be discontinued by the Company five (5) days after delivery or eight (8) days after the mailing (whichever is earlier) of written notice for any of the following reasons:

(1) For willful or indifferent waste of water due to any cause.

(2) For failure to protect from injury or damage any meter or service connection, or for failure to protect and maintain the customer's service pipe or fixtures on the customer's property in a condition satisfactory to the Company.

(3) For molesting or tampering by the customer or others with the customer's knowledge with any meter, connections, service pipe, curb stop, seal or any other appliance of the Company controlling or regulating the customer's water supply.

(4) For failure to provide the Company's employees free and reasonable access to the premises supplied, or for obstructing the way of ingress to the service pipes, fixtures, meters or other appliances controlling or regulating the customer's water supply.

(5) For failure of a customer to establish credit, or to adjust his cash deposit, or for nonpayment of a delinquent water or sewer bill owed to the Company for service furnished to the customer for the same class of service at the same or another location.

(6) In case of vacancy of the premises by the customer when no one has assumed responsibility for payment of the bill for service to the premises.

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

(7) For violation of any rule or regulation of the Company for which discontinuance of service is the appropriate penalty.

(8) For selling or giving away water or granting privileges to anyone to use water not specifically included in the accepted application.

(9) For material misrepresentation in an application as to the property to be supplied or type of service to be supplied or failure to report a change in the type of service.

(10) When conditions exist due to excessive water use by customers that the integrity of the service to other customers is in danger, the Company reserves the right to discontinue the use or restrict the usage.

(11) For violation of Rule 18 of these Rules, Regulations and Conditions of Service.

B. If, as a result of a leak on the customer's premises, a hazardous condition is created in the public right-of-way or damage is being caused to property adjacent to the customer's property, and/or notification is received by the Company from any federal, state, county or municipal authority to terminate the service to prevent injury or damage to other parties, the notification referred to in Rule 17(A) shall be waived.

C. If the customer is found to have a cross-connection as defined in accordance with Rule 2(B) and fails or refuses to break the connection within twenty-four (24) hours after receipt of written notice to terminate the cross-connection, service shall be discontinued by making a definite break in the service pipe until the cross-connection has been properly broken or protected by an acceptable form of protection. The customer shall bear the entire cost of the breaking and reconnecting of the service pipe.

D. If the customer is required to install a RPZ in accordance with Rule 8(B), and fails or refuses to install approved backflow or protective devices in accordance with Rule 8(D) or fails or refuses to conduct annual testing of such RPZ in accordance with Rule 8(E), the Company may issue a notice to discontinue water service and may discontinue water service following a reasonable time interval

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

not to exceed thirty (30) days for the customer to show compliance with these Rules.

E. Discontinuance of the supply of water to a premises for any reason shall not prevent the Company from pursuing any lawful remedy by action at law or otherwise for the collection of moneys due from the customer.

F. The Company reserves the right at any time to shut off the water in the distribution mains as is necessary to cooperate with civil authorities, in case of accident or emergency, for the purpose of making connections, extensions, improvements, alterations, repairs, changes, or for other proper business or utility reasons, and may restrict the use of water to reserve a sufficient supply in its reservoirs for public fire service or other emergencies whenever the public health, safety or welfare may so require.

G. The temporary shutting off of water from any premises for any cause, whether for nonpayment of bills, leaking pipes, fixtures, etc., shall not entitle the customer to a reduction in the amount of the bill during the time of such temporary shut-off. The shutting off of water temporarily shall not cancel a contract for water supply except at the option of the Company or upon written notice from the customer.

18. OUTSIDE WATER RESTRICTIONS:

In order to prevent excessive or wasteful consumption of water during drought and/or emergency and so as to protect the ability of the water system to deliver water to all customers at a minimum pressure of 20 psi, the following restrictions shall be observed.

A. During periods of water shortage, drought or an emergency, the Company, through notification to each customer, will encourage customers to voluntarily practice conservation of water use by restricting lawn sprinkling and other uses.

B. In the event that voluntary practice by the customers does not reduce the consumption of water sufficiently to allow the utility to provide adequate service, all customers will be placed on an "odd/even" basis. That is, customers whose street addresses end in an odd number may use water outside only on odd numbered calendar days, and conversely, customers whose street addresses end in an even number may use water outside only on even numbered calendar days.

Issued _____ Effective _____
Month Day Year Month Day Year

Issued By Lisa Sparrow President
Name of Officer Title of Officer

2335 Sanders Road, Northbrook, IL 60062
Address of Officer

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

C. In the event of extended drought, water shortage and/or emergency of such a nature that the ability of the system to deliver water to all customers at a minimum of 20 psi is imperiled, all such outside uses may be banned.

D. In the event that cessation of outside usage is not sufficient to protect the integrity of the water supply, the Company may file more stringent requirements with the Illinois Commerce Commission pursuant to the provision of Section 9-201 of the Public Utilities Act.

E. Enforcement of these outside water conservation regulations shall follow the procedures noted in Rule 18.

19. RECONNECTION CHARGE:

When it has been necessary to discontinue water service to any premises because of a violation of any Rule or Regulation or on account of nonpayment of any bill, the fee for reconnection shall be the amount stated in the applicable tariffs on file with the Commission, together with any arrears that may be due the Company for charges against the customer. The Company may require that all past due amounts be repaid before service is restored.

20. RENEWAL OF WATER SERVICE AFTER DISCONTINUANCE:

When water service to a customer has been terminated for any reason other than temporary vacancy of the premises, it will be renewed only after the conditions, circumstances or practices that caused the water service to be discontinued are corrected to the Company's satisfaction.

21. BILLS FOR WATER SERVICE:

A. Water bills will be rendered monthly to all customers of the Company.

B. Customers are responsible for furnishing the Company their correct address. Failure to receive bills will not be considered an excuse for nonpayment nor permit an extension of the date when the account would be considered delinquent.

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

C. Bills and notices relating to the Company or its business will be mailed or delivered to the mailing address entered in the customer's application unless the Company receives notice in writing by the customer of any change of address.

D. The Company will not be bound by bills rendered under mistake of fact as to the quantity of service rendered.

E. Each customer's service shall be considered separately in rendering bills for service, unless two or more service lines are installed solely for the convenience of the Company.

F. Where customer, facilities, service, or fire protection charges are applicable, the Company shall in its initial and final bill to any customer include such charges as prorated. For the initial bill, charges will be prorated from that date prior to said initial billing period when the customer first became responsible to pay for water service to the specific premises. For the final bill, charges will be prorated from the first day of the billing period until that date on which the customer is no longer responsible to pay for water service to the specific premises.

22. TERMS OF PAYMENT:

A. All water bills are due and payable at the Company's rates on or before the twenty-first (21st) calendar day following the date of the postmark of the bill, or, if said twenty-first (21st) day falls on a Saturday, Sunday or legal holiday, then on the first day thereafter not a Saturday, Sunday or legal holiday. All bills for utility service not paid on or before the past due date as defined herein shall be subject to a late payment charge of one and one-half percent (1 1/2%) per month on any amount, including amounts previously past due.

B. Bills automatically become delinquent at the expiration of said twenty-one (21) day period.

C. Payments shall be made at the office of the Company or at such other conveniently located places as the Company may designate.

Issued _____ Effective _____
Month Day Year Month Day Year

Issued By Lisa Sparrow President
Name of Officer Title of Officer

2335 Sanders Road, Northbrook, IL 60062
Address of Officer

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

D. A fee shall be assessed to the customer as provided in the applicable tariffs on file with the Commission when a check for payment of the customer's bill has been returned to the Company unpaid for whatever reason.

23. ABATEMENTS AND REFUNDS:

There shall be no abatement of the customer charge, in whole or in part, by reason of the customer's extended absence unless service has been discontinued at the customer's request, and no abatement shall be made for leaks or for water wasted by improper or damaged service pipes or fixtures belonging to the customer.

24. INTERRUPTIONS IN WATER SUPPLY:

A. The Company does not guarantee a sufficient or uniform pressure or an uninterrupted supply of water, and customers are cautioned to provide sufficient storage of water where an absolutely uninterrupted supply must be assured, such as, but not limited to, for use in steam boilers, domestic hot water systems, gas or diesel engines, medical equipment or medical needs.

B. The Company shall make all reasonable efforts to eliminate interruption of service and, when such interruption does occur, will endeavor to re-establish service with the shortest possible delay. Whenever the service is interrupted for the purpose of working on the distribution system or the station equipment, the Company will attempt to notify in advance all customers affected by such interruption whenever it is possible to do so.

C. No refunds of private fire protection or hydrant rates will be made for interruptions of service unless the interruption lasts for a continuous period in excess of twenty-four (24) hours.

25. DAMAGE TO COMPANY PROPERTY:

In case of damage to the Company's property on the customer's premises and/or damage, including obstruction, burying and filling thereof, to the curb stop installation or service connection to the customer, the cost of repair shall be billed to and paid by the customer in the manner pertaining to billings for water service.

Issued _____ Effective _____
Month Day Year Month Day Year

Issued By Lisa Sparrow President
Name of Officer Title of Officer

2335 Sanders Road, Northbrook, IL 60062
Address of Officer

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

26. LIABILITY OF COMPANY:

A. The Company shall in no event be liable for any damage or inconvenience caused by reason of any break, leak or defect in the customer's service pipe or fixtures.

B. The Company shall not be liable for damages of any kind or character for any deficiency in pressure, for failure of water supply, for the bursting or breaking of any mains, services, service branches, stops, valves or fixtures, wherever located, for any deficiency in any attachment to mains, services, service branches or any other facilities used by the Company, for any other interruption of water supply caused by breaking of machinery, stoppage for repairs or for any reason or occurrence beyond the reasonable control of the Company. The Company shall not be liable for any damage to the property of customers, owners, their lessees or licensees, those in possession of the premises or others caused by any of the foregoing reasons or by fire or otherwise resulting from the total or partial failure of water service or pressure failure or for any reason to provide sufficient water or any facilities for fire protection or for any other cause beyond the reasonable control of Company. The Company also will not be responsible for damage caused by changes in water quality that may be occasioned by cleaning of pipes, reservoirs or standpipes, or the opening or closing of any gates or hydrants or any other cause when the same is not due to lack of reasonable care on the part of the Company.

27. EXTENSION OF MAINS:

Unless other terms and conditions are formally approved by the Commission, the Company shall extend its water mains from the end of existing mains on the following terms and conditions:

A. Upon application being made for an extension of a water main, the Company shall determine the necessary size, location and characteristics of the main and of all valves, fittings and other appurtenances, and shall estimate the cost of the proposed extension, including pipe, valves, fittings, all other appurtenances and other materials and all other costs such as labor, permits, etc., including the Company's expense for supervision, engineering, insurance, tools and equipment, accounting and other overhead expenses. Extensions made under this Rule shall be on the basis of a main size of eight inches (8") in diameter unless the

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

requirements of the customer or customers to be served call for a larger main, in which case the cost shall be based on the larger main. In special cases, the Company may make exceptions to the size of the main to comply with good engineering principles.

B. If the estimated cost of the extension is not greater than one and one-half (1 1/2) times the Company's estimate of annual revenue to be received from Original Prospective Customers, as defined herein, the Company will finance and make the extension without requiring any payment.

C. If the estimated cost of the extension exceeds one and one-half (1 1/2) times the Company's estimate of annual revenue to be received from Original Prospective Customers, as defined herein, the applicant or applicant's authorized agent shall contract for such extension and shall deposit with the Company the estimated cost of the extension less one and one-half (1 1/2) times such estimated annual revenue.

D. Original Prospective Customers to be considered in Rule 27(B) and (C) above shall be those who the Company anticipates will sign a contract for at least one year's water service and guarantee to the Company that they will take water service at their premises within thirty (30) days after the date water is turned into the main, and whose service connections are directly connected to the mains installed under said extension. Estimates of annual revenue shall be made by the Company and shall be the average revenue received from similarly situated customers. Where there are no similarly situated customers, the Company shall make an estimate of the annual revenue.

E. Should the actual cost of the extension be less than the estimated cost, the Company shall refund the difference as soon as the actual cost has been ascertained. Should the actual cost of the extension exceed the estimated cost, the difference shall be paid by the applicant as soon as the actual cost has been ascertained.

F. During the first ten (10) years after the date of the deposit, if the extension abuts property that the applicant does not own or have an interest in, the Company shall pro-rate the cost of the extension on a front foot or per lot basis, and if during such ten-year period, the owner or tenant of such property requests water service,

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

the Company shall collect from such new applicant an amount equal to such new applicant's pro-rata cost of the extension less one and one-half (1 1/2) times the estimated annual revenue to be received from said new applicant. The Company shall refund money so collected to the original applicant. The total amount refunded to the original applicant shall not exceed the original deposit, without interest, and the Company shall not require any deposit pursuant to the provisions of Paragraph (F) in excess of the unrefunded deposit of the original applicant. At the expiration of said ten (10) year period, the refund account will be closed and no further refunds will be made. Any amount not refunded within said ten (10) years shall become the property of the Company.

G. All mains, valves, fittings and other appurtenances and materials installed in accordance with this Rule shall be and remain the Company's sole property.

H. The Company shall have the right to further extend its mains from and beyond the terminus of each main extension made under this Rule. The applicant making a deposit hereunder shall not be entitled to any refund on account of any other or further extension or the attachment of any services or hydrants to any other or further extension.

I. If the Company desires to install a main larger than eight inches (8") in diameter for a purpose other than the applicant's service requirements, then the Company shall pay the additional cost of the larger main as determined by the Company.

J. All water main extensions, except those that may be installed by the Company without the necessity of a contract, will be made by contract with the applicant in accordance with the conditions of this Rule as outlined above or in accordance with other terms approved by the Commission.

K. Any main extension agreement made pursuant to this Rule and the right to refund thereunder shall not be assigned by the applicant without the Company's prior written consent.

In those cases where service connections are installed in advance of paving, the cost of such services shall be included in the deposit for the main extension. The total cost of each such service shall be refunded immediately to the applicant who made the deposit upon a customer being connected to such a pre-installed service.

Issued _____ Effective _____
Month Day Year Month Day Year

Issued By Lisa Sparrow President
Name of Officer Title of Officer

2335 Sanders Road, Northbrook, IL 60062
Address of Officer

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

L. If the customer desires to use or does use large amounts of water over short periods of time so as to place unreasonable demands upon the Company's facilities, or if the customer desires greater assurance of continuous water supply or higher pressure for fire protection or industrial uses than that supplied by the Company's facilities, the customer shall, at the customer's own expense, install such elevated tanks, booster pumps or other facilities as may be appropriate and as may be approved by the Company. If attached directly to facilities of the Company, such facilities shall be owned, operated and maintained by the Company.

28. EXTENSION OF MAINS - OTHER:

A. An applicant for extension of a water main from the end of an existing main may, if the applicant so elects, construct the main extension at the applicant's expense in accordance with specifications approved by the Company. The Company shall have the right to approve the design of the main and all materials used. The Company also shall have the right to inspect the main at applicant's expense, during construction to assure compliance with the specifications approved by the Company.

B. At such time as the applicant completes construction of the main extension, applicant shall, with the consent and approval of the Company, transfer title to the main extension to the Company.

C. The applicant and Company shall agree upon the cost to the applicant of the main extension. If the applicant's cost exceeds one and one-half times the Company's estimate of annual revenue to be received from Original Prospective Customers, as defined in Rule 27(D), the Company shall pay to the applicant one and one-half times the amount of such estimated annual revenue at the time that title to the main extension is transferred to the Company.

D. During the first ten (10) years after transfer to the Company of title to the main extension, if the extension abuts property that the original applicant does not own or have an interest in, and if during such ten-year period, the owner or tenant of such property requests water service, the Company shall make a refund(s) to the original applicant in accordance with the provisions of Rule 27(F).

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

E. All mains, valves, fittings and other appurtenances and materials installed in accordance with this Rule shall be and remain the Company's sole property.

F. The Company shall have the right to further extend its mains from and beyond the terminus of each main extension made under this Rule. The applicant constructing a main hereunder shall not be entitled to any refund on account of any other or further extension or the attachment of any services or hydrants to any other or further extension.

G. Any main extension agreement made pursuant to this Rule and the right to refund thereunder shall not be assigned by the applicant without the Company's prior written consent.

29. EXTENSION OF MAINS - SPECIAL:

A. Mains may be extended under the terms of Rule 29 (B) through (F), in those areas where all of the following conditions exist:

(1) All lands abutting the dedicated public way or easement along which the extension is to be made are subdivided into lots not more than one acre in size.

(2) No one individual, partnership or corporation or an affiliated group of individuals, partnerships and/or corporations owns or has an interest in more than twenty percent (20%) of the lots to be improved by the extension.

(3) At least eighty percent (80%) of the lots to be improved would be reasonably expected to take service from the extension within ten (10) years of the date of its completion.

B. The Company shall bear the full initial cost of the extension.

C. The total cost of the extension, including all labor, material, engineering, supervision and direct construction overheads shall be divided by eighty percent (80%) of the total number of lots to be improved by the extension. The figure

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

thus derived shall be considered the "per lot cost" of the water main improvement.

D. Extensions made under this Rule shall generally be made with pipe eight inches (8") in diameter, except that in special cases exceptions can be made by the Company to comply with sound engineering principles. If the Company desires to make extensions of mains with pipe larger than eight inches (8") in diameter, although not required to do so by sound engineering principles, the additional cost of the larger pipe shall be deducted from the total cost before computing the "per lot cost" as described in Paragraph 29(C).

E. Any customer making application for water service from the main extension will be required to make a "Contribution in Aid of Construction" equal to the "per lot cost" less eighteen (18) times the monthly customer (facilities or service) charge applicable to the type of service requested by such customer at the time of application. If eighteen (18) times the monthly customer (facilities or service) charge for the type of service requested is equal to or exceeds the "per lot cost," no contribution will be required.

F. Extensions installed pursuant to this Rule shall be and remain the Company's property.

30. WATER FOR BUILDING AND CONSTRUCTION PURPOSES:

Water for building or construction purposes may, at the Company's option, be furnished by meter measurement or on a negotiated flat rate basis, but whether by meter or flat rate, the minimum charge stated in the applicable tariffs on file with the Commission will be payable in advance. The flat rate will be determined by the Company, depending upon the size of the construction work contemplated. Water for building or construction purposes shall be discharged through a hose or pipe directly upon the material to be wet or into a barrel or other container and not upon the ground or into or through a ditch or trench, and all use of water by other than the customer or for any purposes or upon any premises not described or stated in the customer's application must be prevented by the customer.

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

31. GENERAL:

A. No person shall turn the water on or off at any street valve, corporation stop, curb stop or other street connection, or disconnect or remove any meter without the Company's consent. Penalties provided by law for any such action will be rigidly enforced.

B. No person shall open any fire hydrant, except for the legitimate purpose of extinguishment of fire, without the Company's prior written consent.

C. Where two or more customers are supplied through a single service pipe, any violation of the Rules, Regulations, and Conditions of Service of the Company by either or any of such customers shall be considered a violation by all, and the Company may take such action as may be taken for a single customer committing the violation; provided, however, that each customer affected shall be given 30 days' notice of such violation.

D. All compressor type refrigeration units having standard rated capacities of over one and one-half (1 1/2) tons shall be equipped with evaporative coolers and condensers, water cooling towers, spray ponds or other water cooling equipment so that all water from the mains is used for make-up purposes only.

E. The Company recognizes that at times the customer's service pipe and plumbing system is used as an electrical grounding electrode for electrical circuits and devices. This method of grounding involves an element of danger and is therefore discouraged to be used in residences served by the Company.

F. Employees or agents of the Company are expressly forbidden to demand or accept any compensation for any service rendered to the Company's customers except as covered in these Rules, Regulations, and Conditions of Service.

G. The Company reserves the right at any time to alter, amend, change or add to these Rules, Regulations, and Conditions of Service or to substitute other Rules, Regulations, and Conditions of Service, subject to the approval of the Illinois Commerce Commission or other regulatory body having jurisdiction.

Issued _____ Effective _____
Month Day Year Month Day Year

Issued By Lisa Sparrow President
Name of Officer Title of Officer

2335 Sanders Road, Northbrook, IL 60062
Address of Officer

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

H. No representative, employee or agent of the Company has the right to alter or waive any of these Rules, Regulations, and Conditions of Service without the consent or approval of the Illinois Commerce Commission or other regulatory body having jurisdiction thereof.

I. No employee or agent of the Company shall have the right or authority to bind the Company by any promise, agreement or representation contrary to the letter or intent of these Rules, Regulations, and Conditions of Service.

J. All employees of the Company whose duty compels them to enter the customer's premises shall, upon request, show their credentials or other evidence of authority.

K. Any customer may submit to the Company's office in writing, by telephone or by electronic means, a complaint regarding service provided by the Company.

L. In order to maintain proper and sufficient pressure in the distribution system for fire protection and other purposes, the Company reserves the right, at all times, to determine, limit and regulate, in a reasonable and nondiscriminatory manner, the maximum amounts of water any customer may use.

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

AGREEMENT FOR MAINTENANCE OF PRIVATE WATER LINES

THIS AGREEMENT (the "Agreement") is made this _____ day of _____, 20__, by and between the undersigned (the "Customer") and Clarendon Water Company (the "Company") and their respective successors and assigns.

WHEREAS, the Customer receives water service from the Company at an address commonly known as _____ in the municipality of _____, in _____ County, Illinois [and legally described on Exhibit A attached hereto and made a part hereof] (the "Premises") and obtains water from the Company through a private line or party line which is not owned by the Company (a "Private Line") and which is connected to water mains and lines owned by the Company;

WHEREAS, the maintenance, repair and replacement of such Private Lines are the responsibility of the Customer, subject to, among other things, main extension in a manner consistent with 83 Illinois Administrative Code Part 600 for provision of water service; and

WHEREAS, the Customer desires to transfer the maintenance and repair obligations of the Customer's Private Line to the Company, and the Company is willing to accept such obligations in an effort to provide continued and adequate water service to all customers.

NOW, THEREFORE, in consideration of the foregoing premises and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto and their respective successors and assigns hereby agree as follows:

1. The Company hereby agrees to assume from the Customer and to undertake, at the Company's cost and expense, the obligation to maintain and repair the Customer's Private Line, consistent with the ongoing standards and procedures for maintenance and repair of similar Company-owned lines.

2. In order to implement the maintenance and repair undertaking set forth in Paragraph 1 of this Agreement, the Customer hereby grants to the Company the right to enter upon the Premises to the extent necessary to perform such maintenance and repair of the Private Line and for incidental purposes related thereto. The right of entry hereby granted shall continue until such time as the Company exercises its option and the Customer conveys the Private Line to the Company as provided in Paragraph 3 hereof. The Customer hereby agrees to indemnify

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

and hold harmless the Company from and against any losses, costs of damages (including reasonable attorneys' fees) incurred by the Company in connection with such entry upon the Premises, except that the Customer shall not indemnify the Company against any losses, costs or damages judicially determined to be caused by the Company's own negligence or misconduct or the negligence or misconduct of parties beyond the control of Customer.

3. In consideration of the undertakings by the Company as provided herein, the Customer hereby grants to the Company the option, to be exercised at the Company's sole discretion, to obtain legal title to the Private Line at such time as the Company may determine that its ownership of such Private Line is necessary or appropriate to provide or maintain reliable and adequate water service to the Premises or to the Company's system, including, but not limited to, such time as a major repair or replacement of all or any portion of the Private Line is necessary or desirable. The Company shall exercise this option by giving written notice to the Customer at the address provided below.

The Customer, within thirty (30) days of receipt of such written notice from the Company, shall deliver to the Company such documents or legal instruments as the Company may reasonably deem necessary to convey to the Company all of the Customer's right, title and interest in the Private Lines and to grant to the Company an easement over the Premises to permit the Company to operate, repair, maintain and replace the lines and to gain reasonable access thereto. Any such conveyance shall be final and binding upon the Customer and any future customer at the Premises, including, without limitation, any successors or assigns of the Customer. The Company shall be responsible for the expenses incurred in drafting, obtaining and recording any such documents or legal instruments.

4. If the Customer is not the legal owner ("Owner") of the Premises and Private Line, the Customer agrees that by execution of this Agreement, the Customer's right to possession of the Premises and use of the Private Line will be subject to the terms and conditions of this Agreement and the right of the Company contained herein. The Owner, by execution of this Agreement, agrees to convey any and all right, title and interest in the Private Line servicing or located on the Premises and agrees to perform the obligation of the Customer contained herein consistent with the Owner's ownership interest in the Premises and Private Lines. The Customer, or the Owner if the Customer is not the Owner, agrees to indemnify and hold harmless the Company, its successors and assigns, from and against any and all claims, damages, liabilities and costs arising out of any dispute of any nature whatsoever as to the legal or record ownership of the Premises and/or the Private Line.

Issued _____ Effective _____
Month Day Year Month Day Year

Issued By Lisa Sparrow President
Name of Officer Title of Officer

2335 Sanders Road, Northbrook, IL 60062
Address of Officer

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

5. The Company may record this Agreement with the ____ County Recorder of Deeds or with any other authority as it sees fit without the consent or further action of the Customer.

6. The Customer and Owner shall not permit further connections to the Private Line without the prior written consent of the Company.

7. This Agreement may be executed in any number of counterparts, all of which together shall constitute but one and the same Agreement.

8. The terms of this Agreement shall bind and benefit the Company and the Customer and their respective successors and assigns.

9. Customer as used in this Agreement means the legal owner unless the context of specific portions of the Agreement would indicate that the Customer and the Owner are separate parties.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date first above written.

CUSTOMER

_____

Print Name(s):

_____

Address:_____

_____

Clarendon Water Company

By:_____

Title:_____

Issued _____
Month Day Year

Effective _____
Month Day Year

Issued By Lisa Sparrow — President
Name of Officer — Title of Officer

2335 Sanders Road, Northbrook, IL 60062
Address of Officer

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

STATE OF ILLINOIS)
) SS.
COUNTY OF)

CERTIFICATION

I, _____, a Notary Public in and for the County aforesaid, State of Illinois, do hereby certify that _____, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that __he signed and delivered the said instrument as _____ own free and voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this _____ day of _____ 20__.

_____
Notary Public

My commission expires:

Issued _____ Effective _____
Month Day Year Month Day Year

Issued By Lisa Sparrow President
Name of Officer Title of Officer

2335 Sanders Road, Northbrook, IL 60062
Address of Officer

RULES, REGULATIONS AND CONDITIONS OF SERVICE - WATER

EXHIBIT A

Legal Description
of Premises

Issued _____ Effective _____
Month Day Year Month Day Year

Issued By Lisa Sparrow President
Name of Officer Title of Officer

2335 Sanders Road, Northbrook, IL 60062
Address of Officer