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Condo Villas of Gatlinburg Association, Inc.
Foothills Water Properties, Inc.
814 East Foothills Drive, P. O. Box 613, Gatlinburg, Tennessee 37738
865-436-5092

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MAR 03 2008

TN REGULATORY AUTHORITY
UTILITIES DIVISION

SCHEDULE OF RATES

FOR

WATER SERVICES

20080083

Applying to the following Territory:

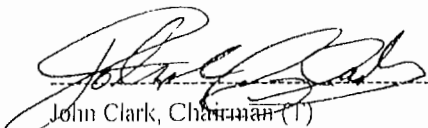
Condo Villas of Gatlinburg Association, Inc.
D/B/A Foothills Water Properties, Inc., Gatlinburg, Tennessee

Issued February 28, 2008

Effective April 1, 2008

Issued by John Clark, Chairman

814 East Parkway Drive P. O. Box 613, Gatlinburg, Tennessee 37738 (I)


John Clark, Chairman (I)

REC'D TELETYPE
SERVICE CENTER

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OFFICE
EXECUTIVE

WATER SERVICE

MONTHLY SERVICE.....\$ 38.10 PER MONTH (I)

DEPOSIT:

Each new customer shall pay a refundable deposit of \$50.00 upon application for water service.

FACILITIES CHARGE:

Each new customer applying for initial water service to a structure that has not previously been provided water service by Company shall pay a non-refundable fee equal to \$750.00 to the Company before water service is instituted plus actual cost on installing water tap.

RECONNECTION CHARGE:

If water service cut off by utility for good cause:
If owner does not grant permission for water to be cut off under said villa the charge will be \$180.00 for ROW cut off.

Re-Connection charge will be.....\$ 35.00

FREQUENCY OF BILLING:

Bills will be rendered Quarterly.

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WATER REGULATIONS

(d) The name, title, address, and telephone number of the person who should be contacted in connection with:

1. General management duties.

2. Customer relations (complaints).

3. Engineering operations.

4. Meter tests and repairs.

5. Emergencies during non-office hours.

Randy Carpenter (T)
814 East Foothills Drive
P O Box 613
Gatlinburg Tn 37738
615-436-4121 (T)

For all Inquirers

(e) Conform with all applicable rules and regulations contained in Section 1 (General Public Utilities Rules Applicable to all Utilities).

Authority: T.C.A. 65-202. Administrative History. Original Rule certified May 9, 1974.

RULES, REGULATIONS AND CONDITIONS OF SERVICE

Section I. DEFINITIONS

Company - The word "Company", whenever the same appears herein, means Foothills Water Properties, Inc., a Tennessee Corporation. (T)

Owner - The word "Owner", whenever the same appears herein, means the person, firm, corporation or association having the sole interest in any premises or property which is, or is about to be, supplied with water service by the Company, and the word "Owners" means all so interested.

Tenant - The word "tenant", whenever the same appears herein, means anyone occupying a premises or property under lease, oral or written, from the Owner and obtaining water service from the mains of the Company with the consent of his landlord.

Customer - The word "Customer" as used herein shall mean the party contracting for water service.

Section II. WATER SERVICE CONNECTIONS

1. All applications for water service connections must be made in writing on forms furnished by the Company by the person or parties desiring the same, must state the correct lot(s), block and street number of the property to be supplied, and must be signed by the Owner of the premises or his duly authorized agent.

2. A service pipe shall not be used to supply more than a single property without the consent of the Company. The minimum earth cover of the Customer's service pipe installation shall be four (4) feet.

3. Service pipes will not be installed where any portion of the pipes must pass through lands, buildings or parts of buildings which are not the property of applicant unless applicant in writing assumes the liability therefor.

RULES, REGULATIONS AND CONDITIONS OF SERVICE

4. Applications for the service will be accepted subject to there being a Company main adjacent to the property to be served.

5. The Company will repair all leaks in the service pipe from the main up to the lot line..... Beyond the property Owner is responsible for all leaks, and the same must be repaired by him, and if such leaks are not repaired within a reasonable time, the water may be turned off.

Section III. APPLICATIONS FOR SERVICE

6. All applications for water service must be made on written forms provided by the Company. Upon acceptance thereof and payment to Company of any Commission-approved tap-on fee, such applications shall constitute a contract between the applicant as a Customer and the Company.

7. A new application must be made upon any change in tenancy where the tenant has contracted for the water service or by the new Owner upon any change in ownership where the Owner has contracted for water service. Where more than one tenant is supplied, the application for the water service must be made by the Owner of the property.

8. When an application is made, the Company reserves the right to require a deposit in cash commensurate with the probable size of the applicant's bill for the purpose of establishing or maintaining any Customer's credit. Any such deposit so made shall be subject to such terms and conditions as may be required by order of regulation of the Tennessee Public Service Commission.

9. No contract for water service will be entered into by the Company with any applicant until all arrears and charges due by such applicant for water service to any premises then or theretofore owned or occupied by him shall have been paid.

RULES, REGULATIONS AND CONDITIONS OF SERVICE

Section IV. BILLS AND PAYMENT FOR SERVICES

10. Customers are liable for payment for all water used on the premises or property until notice has been received at the Company's office that the use of water is no longer desired. Customers are liable for all water shown to have passed through . . . whether by use, wastage or leakage.

11. A Customer's bill will not be considered past due unless it remains unpaid subsequent to the due date printed on the bill. The due date will be 30 days past First Month of Each Quarter.

12. Bills for . . . service shall be rendered quarterly unless otherwise specified in the rate schedule then in effect,

13. Bills for water service will be mailed or delivered to the Customer's last address as shown by the records of the Company when due, but failure to receive a bill will not relieve the Customer from the obligation to pay the same. All bills and other accounts must be paid at the office of the Company.

14.

15.

16.

RULES, REGULATIONS AND CONDITIONS OF SERVICE

Section V. RULES GOVERNING SERVICE

17. When the supply of water is to be temporarily shut off, advance notice will be given by the Company when practicable to all Customers affected by the shutting off, stating the probable duration of the interruption of service.

18. The Company will not permit its mains or services to be connected on any premises with any service pipe or piping which is connected with any other source of supply. The Company will not permit its mains or services to be connected in any way to any piping, tank, vat or other apparatus which contains liquids, chemicals or any other matter which may flow back into the Company's service pipes or mains.

19. The Company undertakes to use reasonable care and diligence to provide a constant supply of water at a reasonable pressure but reserves the right at any time, without notice, to shut off the water in its mains for the purpose of making repairs, or extensions or for other purposes.

20. The Company shall not be liable for a deficiency or failure, regardless of cause, in the supply of water or in the pressure nor for any damage caused thereby or by the bursting or breaking of any main or service pipe or any attachment to the Company's property. All applicants having boilers upon their premises depending upon the pressure in the Company's pipes to keep them supplied are cautioned against danger of collapse, and all damage occasioned by any such collapse must be borne exclusively by the Customer.

21. The Company shall require all new Customers who desire both regular water service and fire protection to install separate service lines, one of which is to be used solely for private fire protection. The Company will not permit the use of water from separate fire protection lines except for the extinguishing of fires or fire drills.

22. The Company shall have the sole right to determine the size of meters, number of meters, valves, service lines and connections necessary to give the service applied for.

RULES, REGULATIONS AND CONDITIONS OF SERVICE

23. All use of water for any purpose or upon any premises not stated or described in the application must be prevented by the Customer.

24. Service may be discontinued for any of the following reasons:

- (a) For the use of water from Customer's facilities for any other property or purpose than that described in the application.
- (b) For waste of water due to leakage.
- (c) For tampering with or damaging any service pipe, meter, meter installation, stop cock valve, buffalo box, meter seal or other property of the Company.
- (d) For non-payment of bills for water service or any other charges of the Company.
- (e) For cross-connecting the Company's supply with any other source of supply, or with any apparatus which may endanger the quality or health standard of the Company's water supply.
- (f) For refusal of reasonable access to property for the purpose of inspecting, reading, repairing or removing meters.
- (g) For violation or refusal to comply with any of the rules and regulations of the Company filed with the Tennessee Public Service Commission.

RULES, REGULATIONS AND CONDITIONS OF SERVICE

25. If a Customer whose service has been discontinued for non-payment of bills or for violation of the rules and regulations of the Company desires a reconnection, such reconnection will only be made after the Customer:

- (a) has made a deposit to insure future payment of bills (in cases only where no deposit was originally made or where such deposit has been applied to payment of the Customer's delinquent account);
- (b) has paid all unpaid bills and other charges;
- (c) has paid a reconnection fee
- (d) and has corrected any condition found objectionable under the rules and regulations of the Company.

26. Automatic lawn sprinklers or sprays or other attachments requiring large quantities of water will be permitted only when water is furnished by meter measurement. The Company reserves the right to restrict lawn sprinkling by Customers whenever in its judgment there is not an adequate supply of water available for such purposes.

27. A supply of water for construction or other special purposes must be applied for in writing, and the Company reserves the right to require a suitable deposit from the applicant. Water so supplied 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 applicant or for any purposes or upon any premises not described or stated in the application must be prevented by the applicant.

Section VI. METERED SERVICE

28. Meters, except detector devices and/or fire service line meters, shall be installed, maintained and renewed by and at the expense of the Company and shall be conveniently located at a place approved by the Company,

RULES, REGULATIONS AND CONDITIONS OF SERVICE

and such proper place and protection for the meter shall be provided by the applicant. A stop and waste or gate valve shall be placed on the service line on the street side of and near the meter, and a stop and waste or gate valve on the house side of such meter. If Applicable

29. All meters placed in building shall be located in the basement or on the first floor, as near as possible to the point of entrance of the service, in a clean, dry, safe place not subject to great variation in temperature and so located as to be easily accessible for installation or disconnection purposes and for reading. If Applicable.

30. Meters will be maintained by the Company as far as ordinary wear and tear are concerned, but damage due to freezing, hot water or external causes shall be paid for by the Customers (except for outside meter settings). If Applicable.

31. Rules and regulations regarding meter accuracy, meter testing and frequency of meter tests shall be as contained in the Tennessee Public Service Commission's Rules and Regulations Governing Public Utilities as from time to time revised. If Applicable

Section VII. FIRE HYDRANTS

32. No person other than a Company agent or employee shall take water from any fire hydrant except for fire fighting purposes, and no fire hydrant shall be used for sprinkling streets, flushing sewers or gutters or for any other purpose except with the advance approval of the Company in writing.

Section VIII. GENERAL CONDITIONS OF SERVICE

33. Where water is to be used for steam boilers or other uses where a stoppage of water supply might cause damage, Customers are cautioned that it is impossible for the Company to guarantee a continuous supply of water and that the Customer should, therefore, arrange for adequate storage capacity.

34. The Company will not be obliged to furnish service where service pipes are inferior, the plumbing defective or the fixtures, water closets or

(Name of City)

RULES, REGULATIONS AND CONDITIONS OF SERVICE

other fixtures leaky. When such conditions are discovered, the Company reserves the right to shut off the supply of water unless immediate repairs are made.

35. Title to the main, service connections from the main up to and including the meter, stop cocks or valves, buffalo boxes, meters and meter installations is vested in the Company, and these shall at all times remain the sole property of the Company and shall not be trespassed upon or interfered with in any way.

36. Curb stops shall not be used by the Customer for turning on or shutting off the water supply. Control of the water supply by the Customer shall be by means of a valve located inside the building where the Customer is provided with water service.

37. Where two or more Customers are supplied through a single service pipe, any violation of the rules and regulations of the Company by either or any of such Customers shall be considered as a violation by all, and the Company may take such action as may be taken for a single Customer committing the violation.

38. 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.

39. If the Company finds that a meter seal or cover has been broken or any bypass inserted or there is evidence that the meter or meter seal or cover has been tampered with, the water will be shut off and not turned on again until the Customer has paid for the estimated quantity of water which has been used for the preceding four- (4) month period and not registered plus the cost to restore the meter to proper working order and other expense incurred by the Company, plus the reconnection fee hereinabove specified.
If Applicable:

RULES, REGULATIONS AND CONDITIONS OF SERVICE

Section IX. USE OF WATER FOR SUMMER COMFORT AIR
CONDITIONING OR REFRIGERATION

40. In all apparatus or equipment installed for the purpose of changing the dry bulb temperature or humidity content of the air, whether used in conjunction with summer comfort air conditioning or other refrigeration, the following regulations shall apply, unless other arrangements have been approved in advance by the Company.

(a) The use of water is prohibited when used directly from the mains as a cooling medium in air washers or any type of equipment whereby the air to be conditioned comes into direct contact with sprays or wet surfaces, or where the water is used as the direct or indirect cooling medium in coils.

(b) The use of water is permitted in all compressor type refrigeration units having standard rated capacities of one and one-half (1-1/2) tons or less.

(c) 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.

(d) If other than compressor types of refrigeration units are used, the consumption of water from the mains shall be limited in amount to not more per ton of refrigeration produced than would be used by the compressor type described under (c) above when such type is operated under normal conditions.

41. Failure to comply with the above Rule 40 shall be sufficient cause to discontinue service.

*Note in (b) and (c) capacities shall be in accordance with conditions given in Standard A.S.E.E. Testing and Rating Codes.

RULES, REGULATIONS AND CONDITIONS OF SERVICE

Section X. WATER FOR PRIVATE FIRE PROTECTION AND SPECIAL USES

42. It is specifically understood that the Company does not hold itself out to render private fire protection service.

Section XI. PUBLIC FIRE PROTECTION SERVICE

43. The Company does not hold itself out to furnish public fire protection service.

Section XII. DAMAGE TO COMPANY PROPERTY

44. In case of damage to the Company's property on the Customer's premises and/or damage to the buffalo box installation on the service connection to the customer, including obstruction, burying and filling thereof, the cost of repair shall be billed to and paid by the customer in accordance with the applicable schedules of rates and of rules, regulations and conditions of service pertaining to the payment of water bills.

Section XIII. CHANGES IN RULES AND REGULATIONS

45. 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 and regulations, subject to the approval of the Tennessee Public Service Commission or other regulatory body having jurisdiction thereof.

46. No representative, employee or agent of the Company has the right to alter or waive any of these rules, regulations or conditions of service without the consent or approval of the Tennessee Public Service Commission or other regulatory body having jurisdiction thereof.

Section XIV. MAIN EXTENSION POLICY

47. Any person requesting water service from Company to an area not then served by water mains will be required to pay the entire cost of a water main extension to such area. The Company will require person applying to hire contractors and pay contractors directly for main installation. Company must approve the design, main size and route of main to be installed, and Company's representatives will inspect all work for construction standards and compliance with proper procedures related to water main installation.
Company must approve all Construction Contractors.

Issued February 28, 2008

Effective April 1, 2008

Plant Replacement & Escrow Rider

A \$9 per customer per month escrow rider to cover anticipated capital improvements

To run for 60 months and expire automatically after March 31, 2013

Issued February 28, 2008

Effective April 1, 2008