

Capacity Allocation System: The WLSSD system which sets forth the methodology through which capacity in the Treatment Works is allocated among the municipalities and Directly Connected Industrial Customers which the WLSSD serves.

Capacity Availability Fees (CAF): The WLSSD fee hereby established and to be paid by a Wastewater Customer who makes a New Connection to the Treatment Works, or a Wastewater Customer of a Redeveloped Property.

Directly Connected Industrial Customers: Those industrial customers of the WLSSD which are directly connected to the Wastewater Collection System.

New Customer or New Wastewater Customer: A Wastewater Customer which will be discharging wastewater from a property not previously connected directly or indirectly to the Treatment Works.

Redeveloped Property: A property presently connected, directly or indirectly, to the Treatment Works which undergoes a change, the effect of which increases the volume or character of wastewater discharged, directly or indirectly, to the Treatment Works.

Treatment Works: The entire wastewater system operated by the District, including, but not limited to, the interceptors, pumping stations, sampling and flow monitoring stations, the wastewater treatment plant, effluent discharge and residual disposal facilities, and any other equipment of the District in any way connected with or utilized in the treatment of Wastewater.

Wastewater: The words "wastewater" and "sewage" are used interchangeably herein, and have the following meaning: how liquid or water-carried waste products from whatever source derived, together with such groundwater infiltration and surface water inflow as may be present, which enters or is intended to enter the Treatment Works.

Wastewater Customer: Any person, firm, corporation or other entity discharging Wastewater which will flow directly or indirectly to the Treatment Works.

Western Lake Superior Sanitary District (WLSSD or District): The Sanitary Board of the Western Lake Superior Sanitary District, a public corporation, a political subdivision of the State of Minnesota, existing under the authority of Chapter 458D.

ARTICLE II Regulations

Section 1. Establishment of WLSSD Capacity Availability Fee.

A. There is hereby established effective the 1st day of January, 2006, within the territory of the WLSSD, the WLSSD Capacity Availability Fee (CAF) to be paid by New Customers and Wastewater Customers of Redeveloped Property.

B. The Capacity Availability Fee is based on the value of that portion of the Treatment Works available for new Wastewater Customers or Wastewater Customers of

Redeveloped Property. The cost basis of the Capacity Availability Fee reflects the value of the equity collectively built up by the WLSSD and its customers in the Treatment Works and the share of that built-up value available for new Wastewater Customers and Wastewater Customers of Redeveloped Property, measured by the capacity of the Treatment Works which that customer takes up.

Section 2. Use of CAF Revenue.

The Capacity Availability Revenue collected by the WLSSD will be utilized to support the excess capacity in the Treatment Works available for new Wastewater Customers and Wastewater Customers of Redeveloped Property, and to offset costs that would otherwise be required to be paid by existing Wastewater Customers.

Section 3. Capacity Availability Fee and Implementing Regulations to be Established by Board Resolution.

The amount of the Capacity Availability Fee shall be established by resolution of the Board of the WLSSD, and may be modified by the Board from time to time.

The Board of the WLSSD shall adopt, and may, from time to time, modify regulations to implement the Capacity Availability Fee, including putting into effect procedures with regard to the method of allocating and collecting the fee, providing penalties for failure to pay the fee, and such other provisions as the Board determines to be necessary and proper. Such regulations shall be adopted by a resolution of the Board of the WLSSD, and copies thereof provided to the municipalities served by the WLSSD and the Directly Connected Industrial Customers.

Dated: August 22, 2005.

SANITARY BOARD OF THE WESTERN
LAKE SUPERIOR SANITARY DISTRICT

By _____
Bill Majewski, Chair

By _____
Rob Prusak, Secretary

