

Skylonda
Mutual Water Company

Operating Rules

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Rule 1 – Application for Service

A. Written Application Required

Before a water service is installed by the Company, a written application shall be made by the Shareholder in which the applicant shall state:

1. Location – Address, lots, tract, and frontages.
2. Use for which the service is desired.
3. Date applicant will be ready for service.
4. Agreement to abide by the rules and regulations of the company.

B. Cash Deposit Required to Establish Credit

1. The Company can require a cash deposit to be made regardless of the length of residence when circumstances warrant such action in the judgment of the Board of Directors.
2. When an application for water service is made by the former consumer who has failed to pay all bills for service previously rendered, the Company may refuse to furnish service to such applicant until the outstanding bills are paid and may also require -as a guarantee for the payment of future bills- a regulation cash deposit.
3. After a cash deposit to guarantee payment for water service has stood for twelve consecutive months, it shall be returned without interest to the depositor provided that his account has not been delinquent during the six months next preceding the date of refund. Upon closing an account the balance of any deposit remaining after the closing bill for service has been settled will be returned without interest to the depositor.

C. Connection Charges

1. Before a water service is installed by the Company, the applicant must pay any back assessments levied since July 1, 1956, plus the actual cost of installation of lines and meter, which must be installed to the American Water Works standard, and in accordance with the approval of the Company. A deposit equal to 100% of the assessment plus 50% of the

installation costs as estimated by the Company must be paid before the Company can begin installation of the new service (s).

Rule 1 – Application for Service (Continued)

2. If the land to be served has been newly annexed from outside of existing boundaries of the Skylonda Mutual Water Company district, the connection charge will be the total of the following:

a. A sum equal to the depreciated assests of the company (book cost less the depreciated reserves) divided by the existing number of services.

b. The assessments and installation costs as described in C. 1. above.

c. Any legal fees of other administrative expenses incurred in the course of admitting new lands to the area served by the water company.

d. A capital improvement fee, the amount of which will be determined by the Board of Directors, to be applied at the discretion of the construction of water storage facilities of sufficient capacity to assure that admission of new property to the area served by the company does not lessen the reliability of water supply to existing shareholders.

e. Any other extraordinary expenses incurred specifically related to the transaction, the amount of which is to be determined by the Board of Directors.

D. Service Connections

1. Services shall be connected only to the property of shareholders, as defined in Article 9 of the By-Laws.

2. Service shall be connected only to property which lies inside the exiting boundaries of the Water Company. No service shall be connected to any property on which the major point of water usage lies outside the existing boundaries of the Water Company, regardless of the point of connection to the Water Company lines.

3. Standard service connection is 5/8". Different service may be obtained by application to the Board of Directors. Connection charges for special installation are to be determined by the Board of Directors.

Rule 2 - Responsibility for Payment

- A. The owner will be held liable for all metered water delivered from the time service commences until the Company is notified in writing to discontinue service.
- B. In the event the user is a tenant, and non-payment ensues, the owner of the property will be held liable. All bills will be sent to property owners only. Final notices will be sent in duplicate to owners and renters. (Delinquent Payments)
- C. A person taking possession of premises and using water without having made application to the Company for service shall be held liable for the water delivered from the date of the last recorded meter reading. If proper application for service is not made upon notification to do so by the Company, and if accumulated bills for service are not paid upon presentation, the service will be discontinued by the Company without further notice.
- D. In the event that the property is sold, and outstanding bills remain unpaid by the former owner, no connection will be made for the new owner until the prior bills are paid.

Rule 3 - Time Limit for Payment

- A. Bills for service will be rendered monthly. A bill will also be rendered upon notice to the Company that service is to be discontinued.
- B. Bills will be presented by mail to the address specified by the shareholder.
- C. Bills are due and payable on presentation. The date of mailing shall be considered as the date of presentation. If the consumer does not pay the bill within 60 days after presentation, a final notice will be sent. If payment for all past due bills is not received within 15 days after the final notice is mailed, the account will be considered delinquent and service will be discontinued. The Board may suspend the rule in individual cases upon presentation of extenuating circumstances. Accounts past due 30 days shall be subjected to a fee of 1 ½% per month (an annual rate of 18%). Returned checks are subject to a service charge of \$12.00.
- D. Any bill for water supplied or service rendered will be considered a proper charge unless protest is made to the Company within 15 days after presentation of said bill. Protest should be made to the Secretary of the Company, who will refer the matter to the Board of Directors for decision. In any event, the consumer is to pay the full amount of the rendered bill. Adjustments will be made subsequent to the Board's decision.

E. In case of dispute as to payment of a bill previously rendered, the shareholder will be required to present the receipted bill, canceled check (front & back), or other evidence of payment before adjustment can be made.

F. A customer that has received a 60 – Day Notice twice in a one year period (January – December) will be assessed an additional twenty five dollar (\$25.00) fee for the processing of said notices. The BOD reserves the right to shut off water based on the customer's account history.

G. A consumer's water service may be discontinued for non-payment of a bill for water service rendered him at another location served by the Company.

Rule 4 - Reconnection Charge

A. In the event that service is discontinued because of non-payment of water bills, a reconnection charge of one hundred dollars (\$100.00) will be made before service will be reinstated. In the case of removal of a meter by the Operating Department for reasons of a delinquent account, a reconnection fee of one hundred fifty dollars (\$150.00) must be paid for replacement of the meter and water reconnection.

B. In the event that company employees have entered the premises for the purpose of disconnection of water service for non-payment of bills, a one hundred dollars (\$100.00) service charge will be made regardless of whether service is actually disconnected.

C. Company to connect service. Only employees or authorized persons of the Company shall be allowed to connect or disconnect the water meter to or from the Company's mains. In the event that customers of the water company without authorization in advance in writing from the Board of Directors modify or alter in any way the pipes, meters or other equipment of the Company, the customer will be charged a service fee of one hundred dollars (\$100.00) plus all actual costs incurred each time company personnel are required to repair or remove such unauthorized modifications. In addition, the customer will be billed for reasonable estimates of unmetered water lost or used of such unauthorized modifications. The amount of such charges to be determined by the Board. In addition, the Board of Directors shall require an advance cash deposit of not less than one hundred fifty dollars (\$150.00) prior to reconnection in accordance with Rule 1, Section A. Interest on the deposit shall belong to Skylonda Mutual Water Company. Reconnections will be made only during normal business hours.

To Consumer's Premises

Employees of the company shall be admitted during reasonable hours to premises supplied with water by the Company, for the purpose of turning off and on water, inspecting, testing, checking, or reading of meters, and to inspect house piping as to cross connections with other sources of supply. The Company shall have the right to remove any and all of its property installed on the customer's premises at the termination of its services. Water meters are property of the Company.

Rule 6 – Shutting Down Supply for Repairs

- A. The company reserves the right at any and all times, without notice, to shut off water from the mains for the purpose of making repairs, extensions or alterations.
- B. The Company assumes no responsibility for loss or damage of lack of water pressure and merely agrees to furnish such quantities and pressures as are available in its general distribution system. The service is subject to shut-downs and variations required by the operation of the system.
- C. Damage through pipes and fixtures. The Company will in no case be liable for damages occasioned by water running from open or faulty fixtures or from broken or damaged house pipes – i.e., for pipes beyond the Company's meter.

Rule 7 – Location and Type of Service

- A. Location of services. The Company reserves the right to determine the size of the service to be installed and where the property to be served fronts on more than one street, to designate on which frontage service will be given. Shareholders will first make application to the company as to size and location of services and meters required, before extending their house pipe to the curb.
- B. If the required length of extension of the main is more than normal, the Company reserves the right to charge an appropriate amount.

C. No service will be installed by the Company on any private road, lane, street, alley, court, or place, or extended beyond the curb of the street in which the Company's mains are installed.

Applicants desiring service to property fronting on any such private roads, lanes, streets, alleys, courts, or places, must extend their house piping or service line to the nearest open and accepted street.

The only exceptions to this rule at the discretion of the Company will be in cases where the Company owns or controls rights of way along the rear property lines of lots in sub-divisions and has pipe lines installed thereon.

D. Control Valve on House Piping. The owner of the property to be served shall install a control valve on the house pipe between the Company's meter and the first fixture outlet on the premises. When old premises to which a service pipe has been connected are being altered, such control valve shall be installed by the owner of the property, if such is not already provided.

E. Backflow Device Installations. After review of potential water contamination hazards in the customer installation and after review of the Skylonda Mutual Water Co. manager report, the board may require from the customer the installation of a backflow control device. Backflow devices must be tested in accordance to California Administrative Code, Title 17, annually. Documentation of such inspection must be provided to the company within 30 days of inspection. Failure to provide such documentation in a timely manner may result in the interruption of the service and in a delinquency fee.

Rule 8 - Service for Less Than One Month

Should the total period of service be less than one month, no pro-ration will be made and the amount of the bill shall be less than the monthly minimum charge plus current assessments.

Rule 9 - Customer About to Vacate Premises

Each shareholder about to vacate or sell any premises supplied with service by the Company shall give written notice of his intended removal at least ten days prior thereto, specifying the date service is desired discontinued. Otherwise, he will be held responsible for all water furnished to such premises until the Company shall have notice of such removal.

Rule 10 – Consumer Leaving Premises for Intervals of Time

Consumers who leave their premises for intervals of time are responsible for the turning off and on of the water. This will not be done by the Company, or by its employees.

RULE 11- Leak Credit Policy

To be eligible for a credit on water lost due to a reported leak, customers must write a letter to the Skylonda Mutual Water Company Board of Directors, and following criteria must be satisfied:

- a. Most recent billing (last 30 Days) demonstrates an increase in consumption.
- b. A leak in water service on the customer's side of the meter is located and repaired with evidence of repair accompanying the letter. (Copy of Invoices, Photo's, or other documentation.)
- c. The letter is received within 30 days of the bill demonstrating a leak, and
- d. Water consumption returns to historical levels following the repair of the leak.

Leak credit is the amount of water determined to be above and beyond the customer's normal usage and will be billed at the lowest tiered rate. Leak credits will not be given for household amenities or appliances that malfunction (i.e., running toilet, continually filling washing machine, watering hoses left on, etc.)

All leak credits are a one-time only occurrence and are subject to approval by the Board of Directors.

Rate Structure

Rate Structure:

Assessment Fee: \$65.00 Flat Rate Monthly

Operations Fee \$30.00

1 - 50 Units = \$0.84

51 – 100 Units = \$1.16

101 – 150 Units = \$1.48

151 - 200 Units = \$1.80

200 + Units = \$2.12