

RURAL WATER DISTRICT NO. 1 HUGHES COUNTY, OKLAHOMA

RULES AND REGULATIONS

These Rules are issued in compliance with the provisions of the Rural Water Districts Act of Oklahoma (82 Okla. St. Ann. 1301-1321), and the By-Laws of the District and are designed to govern the supplying and taking of water service in a uniform manner for the benefit of the District and its members. They are subject to change from time to time. However, all such changes must be approved by the State Director of the Farmers Home Administration, until such time as the District is no longer indebted to the United States of America, or until such time as the District has completely retired all loans made by or insured by the United States of America. If a provision of the Rules conflict with a provision of the rate schedule, the provision of the rate schedule will prevail. If any portion of these Rules shall be declared invalid by competent authority, such voidance shall not affect the validity of the remaining portions.

Definitions: The following expressions when used herein will have the meaning stated below:

Applicant: Any individual, firm, partnership, corporation or other agency owning land located within the District, applying for water service.

Benefit Unit: A right entitling the holder to one water service connection.

Board: The Board of Directors of Rural Water District No. 1, Hughes County, Oklahoma.

Consumer: Any individual, firm, partnership, corporation or other agency receiving water from the District's facilities and owning or occupying land located within the District in favor of which one or more benefit units have been subscribed and paid for.

Point of Delivery: The point of delivery shall be at the meter, unless otherwise specified in the Application for Water Service and Water Users' Agreement..

Service: The term service when used in connection with the supplying of water shall mean the availability for use by the consumers of water adequate to meet the consumer's requirements. Service shall be considered as available when the District maintains the water supply at normal pressure at the point of delivery, in readiness for the consumer's use, regardless of whether or not the consumer makes use of it.

Application for Water Service and Water Users' Agreement: The agreement or contract between the consumer and the District, pursuant to which water service is supplied and accepted.

Service bills not paid by the 16th of the month shall be subject to a 5 percent (5%) late charge. Failure of the District to submit a service bill shall not excuse the consumer from his obligation to pay for the water used when the bill is submitted. Failure to pay a bill by the 1st day of the month following the month in which the bill is rendered, shall result in the disconnection of the service.

Reconnection Charge: The reconnection charge for restoration of service, if reconnection is authorized and approved under the provisions of the By-Laws of the District, after each suspension of service because of delinquent payment or for other infraction of these Rules, shall be the unpaid amount charged to date against the consumer's benefit unit, plus six percent (6%) interest, and a sum to cover the reasonable cost of labor necessary to make such reconnection.

Requested Meter Tests: Meter tests requested by consumers will be performed without cost to the consumer if the meter is found to be in excess of two percent (2%) fast. Otherwise, the consumer for whom the requested test was made will be charged for the cost of making the test.

State Director: The State Director Of the Farmers Home Administration.

Water Service: A water service shall consist of facilities for supplying water to one residence or business establishment located on land within the District. A landowner must purchase a benefit unit and accept a water service for each residence or business establishment served.

GENERAL RULES

1. The supplying and taking of water will be in conformance with these Rules and the applicable rate schedule attached hereto, and filed with the Secretary of the District: Provided, however, that such rate schedule is subject to change by action of the Board with the approval of the State Director: Provided, further, that if at any time the Board of Directors determines that the total amount derived from the collection of water charges is insufficient for the payment of operating costs, emergency repairs, or debt service, the Board shall increase the minimum water rate for the first month thereafter in an amount sufficient to pay such operating costs, emergency repairs, or debt service.

2. Applicants for service shall make application to the Secretary of the District. If the application for service is approved by the Board of Directors, the applicant will purchase a benefit unit for each water service desired, and sign the standard Application for Water Service and Water Users' Agreement for an indefinite period.

3. Before installing a service extension and providing water available for use, the Board may require the applicant to pipe his home and be in readiness to accept service.

Service is for Sole Use of the Consumer: A standard water service connection is for the sole use of the applicant or the consumer, and does not permit the extension of pipes to transfer water from one property to another, nor to share, resell, or sub-meter water to any other consumer. If an emergency or specific situation should make such an arrangement advisable, it shall be done only on specific written permission of the Board of Directors for the duration of the emergency.

Agreements with Governmental and Public Bodies: The District through its Board of Directors may make specific water service contracts with the Federal Government, the State of Oklahoma, or agencies thereof, school districts and municipal corporations, differing from stipulations set out in the rate schedule and Rules. Such contracts must receive approval by the State Director of the Farmers Home Administration.

Right of Access: Representatives of the District shall have the right at all reasonable hours to enter upon consumers premises to read and test meters, inspect piping, and to perform other duties for the proper maintenance and operation of service, or to remove its meters and equipment upon discontinuance of service by consumers.

Continuity of Service: The District will make all reasonable efforts to supply continuous, uninterrupted service. However, it shall have the right to interrupt service for the purpose of making repairs, connection, extensions, or other necessary work. Efforts will be made to notify consumers who may be affected by such interruptions, but the District will not accept responsibility for losses which might occur due to such necessary interruptions.

The District does not accept responsibility for losses which might occur due to interruptions to service caused by storms, strikes, floods or other causes beyond its control.

Consumer's Responsibility: The consumer shall be responsible for any damage to the meter installed for his service, on account of any cause other than normal wear and tear.

Change of Occupancy: It shall be the consumer's responsibility to anticipate changes of occupancy, and to have his benefit-unit transferred to the new consumer as prescribed in the By-Laws. Until the benefit unit is formally transferred, the original holder shall be responsible for payment for service. All charges levied against a benefit unit must be paid, before the benefit unit can be transferred, or service resumed where there has been a suspension.

Main Extensions: 1. In extending a water main to serve an applicant, the Board may at its discretion exercise one of the following options:

(a) If the cost of the extension is less than the average cost of the entire system to each member, and sufficient construction funds are available, the Board may elect to make the extension upon the applicant's purchase of a benefit unit.

(b) If the cost of the extension is greater than the average cost of the entire system to each member, but funds are available to the extent of such average cost, the Board may elect to contribute to the extension in the

amount of such average cost, and require the applicant to deposit in case the additional cost in addition to the price of a benefit unit. If and as additional consumers are connected to the extension, and as funds become available, all or part of the original consumer's deposit may be returned to him. Any portion of the original deposit remaining after the expiration of a five-year period will become the property of the District. In no case will interest be paid on such deposits.

(c) In the event that the District does not have funds available to pay for construction in the amount of the average cost per member of the entire system, it may require as a condition of extending service, that the applicant deposit in addition to the price of a benefit unit, an amount which may equal the entire cost of the extension. In such an event, the Board may, as funds become available, return to the consumer that portion of his deposit equal to the average cost of the system per member. No interest will be paid on such deposits.

Services: The District will install and pay for all water services pipes (except for private fire protection) from its mains to the meters on property abutting the travel way along which the main is installed. The service pipe shall not be less than 3/4ths inch in size. The District will also install and pay for the District cock, meter and meter setting. The meter will be set in front of the premises to be served or at the closest point on the consumer's premises as designated by the District.

Cost of Benefit Units: The cost of benefit units shall be determined by the existing board of directors and subject to change from time to time.

Applicants Having Excessive Requirements: In the event an applicant whose water requirements are found to exceed the District's ability to supply it from existing plant without adversely affecting service to other consumers to an unreasonable extent, the District will not be obligated to render such service, unless and until suitable self-liquidating financing is arranged to cover necessary investment in additional plant.

Connection with Private Water System: There shall be no physical connection between any private water system and the water system of the District. Representatives of the District shall have the right at all reasonable hours to enter upon consumer's premises for the purpose of inspection and enforcement of this provision. Violation of this provision shall constitute cause for disconnection of a consumer's service.

METERS

Meters will be furnished, installed, owned, inspected, tested and kept in proper operating condition by the District, without cost to the consumer. A complete record of tests and histories of meters will be kept. Meter tests will be made according to methods of the American Waterworks Association by the District, as often as deemed necessary by its Board of Directors.

Meter Accuracy: Service Meters whose errors do not exceed two percent (2%) fast or slow shall be considered as being within the allowable limits of accuracy for billing purposes. The percentage of error will be considered as that arrived at by taking the average of the error at full load and that at ten percent (10%) load, unless a consumer's rate of usage is known to be practically constant in which case the error at such constant use will be used.

Meter Location: Meters shall be set in an accessible place on the outside of buildings except where otherwise directed by the District. All meters shall be set horizontally and never connected into a vertical pipe. Meters set outside of a building shall be placed in a meter box furnished and installed by the District.

Bills: Bills will be rendered for service by the 5th day of the month following that in which the service was rendered as set forth in the rate schedule.