

RULES AND REGULATIONS OF ELMBEND WATER DISTRICT, INC.

These Rules are issued in compliance with the provisions of the Articles of Incorporation and the By-Laws of the Corporation, and are designed to govern the supplying and taking of water service in a uniform manner for the benefit of the Corporation 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 Corporation is no longer indebted to the United States of America, or until such time as the Corporation 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 avoidance 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 living or owning land located within the service area applying for water service who applies for membership.

Membership Certificate: A right entitling the holder to one water service connection.

Board: The Board of Directors of ELM BEND WATER DISTRICT, INC.

Consumer: Any individual, firm, partnership, corporation or other agency receiving water from the Corporation's facilities.

Point of Delivery: The point of delivery shall be at the meter, unless otherwise specified in the Application for water service.

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 Corporation 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 : The agreement or contract between the consumer and the Corporation, pursuant to which water service is supplied and accepted.

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

Water Service: Water service shall consist of facilities for supplying water to one residence or business establishment.

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 Corporation: provided 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 Corporation. If the application for service is approved by the Board of Directors, the applicant pays the required costs and signs the standard application for water service, he shall receive the service.

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 Consumers: 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.

Multiple Users: The classification, method of service and minimum charge to be assessed each mobile home resident, whether located in a trailer park or located on an individual lot, will be the same as for any other residential user on the system. Each mobile home resident is expected to pay the same water charge as other users on the system. Normally, this would be accomplished by installing a water meter at each mobile home. If the residents of mobile homes are not permanent residents, the Board of Directors may elect to serve mobile homes in a trailer park through a master meter, provided the owner of the trailer park agrees in writing that he will be responsible for collecting a minimum water bill each month for each mobile home, plus water used through the master meter in accordance with the rate schedule used for other residential users. Owners of trailer parks serving non-resident users will be expected to contribute an amount equal to the cost of enlarging the Corporation's water system as required to serve the trailers. The trailer park owners must also pay for constructing their own lines with the trailer park.

Agreements with Governmental and Public Bodies: The Corporation, 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 and non-profit corporations, differing from stipulations set out in the rate schedule and rules. Such contracts must receive the approval by the State Director of the Farmers Home Administration.

Right of Access: Representatives of the Corporation 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 Corporation 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, connections, extensions, or for other necessary work. Efforts will be made to notify consumers who may be affected by such interruptions, but the Corporation will not accept responsibility for losses which might occur due to such necessary interruptions.

The Corporation 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.

Meters: Meters will be furnished, installed, owned, inspected, tested and kept in proper operating condition by the Corporation, 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 Meter-works Association by the Corporation, 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 (10%) percent 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 adjacent to the property line of the member except where otherwise directed by the Corporation. 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 Corporation.

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. Service bills not paid by the 16th of the month shall be subject to a 5 percent late charge. Failure of the Corporation to submit a service bill shall not excuse the consumer from his obligation to pay for the minimum and 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 Corporation, after each suspension of service because of delinquent payment, or for other violation of these rules, shall be the unpaid amount charged to date against the consumer's membership, 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.

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 wear and tear.

Change of Occupancy: It shall be the consumer's responsibility to anticipate changes of occupancy, and to have his membership certificate transferred to the new consumer as prescribed in the By-Laws. Until the certificate is formally transferred, the original holder shall be responsible for payment for service. All charges levied against a member must be paid, before the membership certificate 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 membership or payment of the required fee.

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 average amount of such average cost, and require the applicant to deposit in cash the additional cost in addition to the price of a membership. 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 Corporation. In no case will interest be paid on such deposits.

c. In the event that the Corporation 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 membership, an amount which may equal the entire cost of the extension. In such event the Board may, as funds become available, return to the consumer that portion of the deposit equal to the average cost of the system per member. No interest will be paid on such deposit.

2. However, the Board shall not issue any bonds, notes, indentures, obligations, or other form of indebtedness in connection with the extension of rural waterlines, or mortgage or encumber the system in any manner.

Services: The Corporation will install and pay for all water services pipes except for private fire protection, from its mains to the meters. The service pipe shall not be less than 3/4th inch in size. The Corporation will also install and pay for the Corporation 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 Corporation.

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

Cross Connections: There shall be no cross connection made or maintained between water system of the Corporation or any other system (private or otherwise) and all new structures constructed within the Corporation shall, prior to service connections, comply with the plumbing standards of the State of Oklahoma.

Representatives of the Corporation, the state and local Health Departments 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.

Unanimously adopted at meeting of the Board of Directors, held the 8th of November, 1971, at Nowata, Oklahoma, with five members of the Board of Directors present.