

RULES AND REGULATIONS

RURAL WATER DISTRICT NO. 3, JACKSON COUNTY, KANSAS

These rules are issued in compliance with Section 82a, 612 et seq., Kansas Statutes Annotated, as amended, 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 those 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. A right entitling the holder to one water service, and one water supply unit of one pint per minute if on constant flow line.

Water Supply Unit: From constant flow users, a right entitling the holder to one pint of water per minute. The holder of a benefit unit on a constant flow line may purchase such additional water supply units as the Board of Directors may approve.

Board: The Board of Directors of Rural Water District # 3, Jackson County, Kansas.

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 the 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.

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

Meter 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 Chief Engineer of the Division of Water Resources and 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 charges is insufficient for the payment of operating costs, emergency repairs, debt service, and a reasonable reserve, the Board shall increase the minimum water rate for the first month thereafter in an amount sufficient to pay such operating costs, emergency repairs, debt service, and the accumulate reasonable reserves.
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 the Water User's Agreement for an indefinite period of time.
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 Kansas, 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 before being placed in effect.

Right of Access:

Representatives of the District shall have the right at all reasonable hours to enter upon consumers' premises to test control valves, inspect piping, and to perform other duties for the proper maintenance and operation of service, or to remove its service equipment and shut off water 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, connections, extension, or for 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.

CONTROL EQUIPMENT

Meters or flow control and float valves 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.

Meters or Flow Control Accuracy:

Meters and flow control valves will be checked periodically at the direction of the Board of Directors. Flow control valves will be checked by means of a measuring cup and a stop watch to assure reasonable 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 or Flow Control Valve Locations:

Meter or flow control valves will be set in meter wells at or near the user's property line. Float valves when used will be installed at the consumer's storage facility. Meters shall be set in an accessible place 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:

The District employs a meter reader to read all water meters on a monthly basis. Bills will be mailed to all water users. There are two billing cycles monthly. Bills are due on either the 15th day of the month or the last working day of the month. Bills not paid on time shall be subject to a ten percent (10%) lat charge. Failure to pay a bill by the first day of the month following the month in which the bill is rendered shall result in discontinuance of the service.

Reconnection Charges:

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, and a sum to cover the reasonable cost of labor necessary to make such reconnection. If water service is disconnected all charges and fees must be paid in full to get water service restored.

Requested Meter or Control Valve Tests:

Meter or control valve tests requested by consumers will be performed without cost to the consumer if the meter or valve is found to be in excess of ten (10%) percent slow for valves or in excess of two (2%) percent 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 service equipment installed by the District 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 and additional water supply unit(s) 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 cash the additional cost in addition to the price of the

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 the benefit unit, an amount which may equal the entire cost of the extension.

Services:

The District will install and pay for all water services piped (except for private fire protection) from its mains to the meter on pressure lines and to the float valve at the owner's reservoir for constant flow lines. The service line for meters shall not be less than ¾ inch in size. The District will also install and pay for the District dock, meter, meter setting for pressure lines and will pay for the flow control valve, strainer, float valve and insulated valve box on constant flow lines. The meter or constant flow valves will be set in front of the premises to be served or at the closest point on the consumer's premises designated by the District.

Cost of Benefit Units for Demand System:

Four Thousand Two Hundred Fifty (\$4,250.00) Dollars

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.

Unanimously adopted at meeting of Board of Directors, held November 11, 2011 at Holton, Kansas, with Seven (7) members of the Board of Directors present.
