

LITTLE BLUE NATURAL RESOURCES DISTRICT

RULES AND REGULATIONS

LITTLE BLUE PUBLIC WATER PROJECT

These Rules and Regulations are issued in compliance with Sections 2-3201 to 2-3262 R.R.S., Nebraska 1943, as amended, and authorized by the Little Blue Natural Resources District and are designed to govern the supplying and taking of water service in a uniform manner for the benefit of the Project and its members. They are subject to change from time to time. However, all such changes must be approved by bondholders, the General Electric Credit Corporation, and/or the U.S.D.A. Rural Development until such time as the Little Blue Natural Resources District has completely retired all loans or bonds. If a provision of the Rules conflicts 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 definitions shall apply to these Rules and Regulations.

ADVISORY BOARD: A board appointed by the Natural Resources District for the purpose of making recommendations to the District on all phases of operation of the Little Blue Public Water Project. The term of office shall be 3 years with no limit to the number of terms. A 5 member board shall be maintained to represent the north project, and a 7 member board for the south project. The south project board shall be comprised of four (4) representatives from Nebraska, and three (3) representatives from Kansas. Each board shall have nominate a chairperson, who will not be eligible to vote on matters before the board except to break a tie vote.

APPLICANT: Any individual, firm, partnership, corporation or other entity owning land located within the Project Area served by the Public Water Project which requests consideration for water service.

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.

BENEFIT UNIT: A right entitling the holder to one water service.

BENEFIT UNIT CERTIFICATE: A certificate showing ownership of a Benefit Unit.

CONSUMER: Any individual, firm, partnership, corporation or any other entity holding a Benefit Unit and receiving water from the District's facilities.

DISTRICT: The Little Blue Natural Resources District.

FARM UNIT: A tract which may contain more than one residence but may be served by a single meter. Both residences must be recorded under the same ownership, be adjacent and within close proximity to each other, on the same land tract undivided by public roadways, and the parties involved must be physically involved in the same operation. Strict landowner\renter situations are not considered a farm unit.

GECC: General Electric Credit Corporation.

POINT OF DELIVERY: The point of delivery shall be at the meter, unless otherwise specified by the Board.

PROJECT AREA: The designated land area agreed upon between District and the City of Fairbury (water supplier) in which water service can be provided to customers.

SERVICE: The term Service when used in connection with the supplying of water shall mean the availability of an adequate supply of water at the point of delivery to meet the consumer's requirements, and in readiness for use regardless of whether or not the consumer makes use of it.

WATER SERVICE: Water service shall consist of facilities for supplying water to one residence or business establishment located on land within the Project Area.

RULES AND REGULATIONS

1. GENERAL RULES:

- A.** The supplying and taking of water will be in conformance with these Rules and the adopted rate schedule, provided, however, that such rate schedule is subject to change by action of the District. If at any time the District determines that the total amount derived from the collection of charges is insufficient for the payment of operating cost, emergency repairs, debt service, and a reasonable reserve, the District shall adjust the rate schedule in an amount sufficient to pay such operating costs, emergency repairs, debt service, and to accumulate reasonable reserves.
- B.** Applicants for service shall make application to the District office on forms provided by the District. If the Application for Service is approved by the District, the applicant will purchase a Benefit Unit for each water service that is desired, and sign the standard Application for Water Service and Water User Agreement for an indefinite period.
- C.** Before any applicant shall be entitled to water service; all title owners shall grant an easement for the mains and water service facilities of the District over and across any

real estate owned by them within the Project Area. Said easement shall be on terms and conditions prescribed by the District.

The board reserves the right to assess an additional fee for any landowner who refuses to grant an easement during project construction causing the Project additional expenses due to the forced alternate route and then at a later date requests water service from the Project.

D The District is not obligated to approve an application for water service if an adequate water supply is not available.

E All actions taken by an Advisory Board, pursuant to these rules, must have the affirmative approval of the Little Blue Natural Resources District before such actions become effective.

2. **COST OF BENEFIT UNIT:** The Benefit Unit Fee (hookup fee) shall be \$1,500.00, plus the actual cost of construction. Payment of the Benefit Unit Fee shall be made as follows: One thousand five hundred dollars (\$1,500.00), payable at the time of submitting application. The balance will be due at completion of construction. Also, at the time of application, a \$150 meter deposit will be assessed. The deposit will be retained by the District under terms specified in #11 below.
3. **SERVICE INSTALLATIONS:** The District will receive bids, install and pay for all water service pipes from its mains to the meter; including the meter box, meter setter and meter. The cost of all such parts and installation will be billed to the customer upon completion of the job. The size of service lines for meters shall be established by the District's Consulting Engineer. The customer shall be responsible for installation and all costs associated with service connections, including future maintenance, from the meter to the point of usage. The district reserves the right to waive the bidding process for new hookups.
4. **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 tract to another (unless they qualify as a Farm Unit), from one residence to another, from one business to another, nor to share, resell, or submeter 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 Advisory Board and only for the duration of the emergency or to meet the needs of the specific situation.
5. **INSUFFICIENT WATER SUPPLY:** In the event the total water supply shall not be sufficient to meet all of the needs of the consumers or in the event there is a shortage of water, the Advisory Board has the discretion to pro-rate the available water supply on such a basis as it deems equitable.

The Rural Water Project shall address any short-term water shortage problems through a series of stages based on conditions of supply with accompanying triggers, goals, and actions. Each stage is more stringent in water use than the previous since there will be a greater deterioration in water supply conditions. The project superintendent is authorized to implement the conservation measures set forth when any of the conditions have been reached.

STAGE ONE: WATER WATCH. This stage is triggered when demand is more than 200,000 gallons per day for two consecutive days. The goal of this stage is to heighten awareness of the public of water demand and to maintain integrity of the system. The project will monitor the water supply daily and curtail activities such as EOL flushing. The public will be informed through local media of the Water Watch and be asked to voluntarily reduce outdoor water use and to efficiently use water for indoor purposes; such as washing full loads of clothing/dishes, limiting the length of showers and preventing any unnecessary use of water.

STAGE TWO: WATER WARNING. This stage is triggered when demand is more than 230,000 gallons per day for two consecutive days. The goal of this stage is to reduce peak demands by 10% and overall weekly consumption by 5%. The project will monitor the water supply daily and curtail activities such as EOL flushing. The public will be informed through local media of the Water Warning and outdoor use of water for lawn sprinkling/plant watering will be restricted to odd numbered addresses on odd days and even numbered addresses on even days. The sprinkling/watering, and bulk water use such as filling swimming pools, will only be allowed before 10:00 am and after 9:00 pm. Bulk use will only be allowed during the week after sunset.

STAGE THREE: WATER EMERGENCY. This stage is triggered when demand is more than 260,000 in any 24 hour period. The goal of this stage is to reduce peak demands by 20% and overall weekly consumption by 10%. The project will monitor the water supply daily and curtail activities such as EOL flushing. The public will be informed through local media and press releases. Patrons of the project will also be contacted directly. Outdoor use of water shall be stopped; only the use for sanitary human consumption and domestic livestock will be allowed. In the event any water consumer fails to comply with the restrictions imposed the project superintendent may discontinue the service to the location not in compliance. The service will be resumed when compliance is instituted and the superintendent is satisfied the patron will comply.

6. **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, extensions, 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, or for interruptions caused by acts natural or otherwise beyond its control, and the applicant expressly waives any right to damages in connection with any interruption of service.

7. **APPLICANTS HAVING EXCESSIVE REQUIREMENTS:** In the event an applicant's water requirements are found to exceed the District's supply from the existing plant, adversely affecting service to other consumers to an unreasonable extent, the District will not be obligated to render such a service, unless and until suitable self-liquidating financing is arranged to cover necessary investment in additional plant.
8. **AGREEMENTS WITH GOVERNMENTAL AND PUBLIC BODIES:** The Advisory Board with the consent of the District may make specific water service contracts with the Federal Government, the State of Nebraska, or agencies thereof, school districts and municipal corporations, differing from stipulations set out in the rate schedule and Rules.
9. **RIGHT OF ACCESS:** Representatives of the District shall have the right at all reasonable hours to enter upon consumer's premises to operate and test control valves and meters, spot check meters, 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 by consumers.
10. **METERS:**
 - A. **Location:** Meters will be set in meter boxes along the distribution main directly in front of the point of use along the road Right of Way. Where service is on the opposite side of the Right of Way from where the distribution main is located, the service line will be extended across the road Right of Way and the meter service installed on the subscriber's property directly in front of his point of use; however, the District reserves the right to select a different location for the meter box if the above stipulated point of delivery would not be practical or economical to the District. As a normal practice they will be located approximately five (5) feet inside the user's property line along the District's Distribution Main and directly in front of the point of intended use. If a customer desires to relocate an existing meter to a new location, the cost of such a facility move, including extension of mainlines, will be borne by the customer.
 - B. **Size:** Only 5/8" x 3/4" meters will be installed for normal household, business or livestock services, unless a specific exception is granted by the District. Requests for a larger meter will be evaluated by the project's engineering consultant and, upon his advice, each request will be considered by the board on a case-by-case basis. All exceptions must be approved by the board before construction. If a larger meter is approved, the cost of the meter shall be borne solely by the customer. In addition, business rate monthly charges will reflect the additional capacity commitment of the project. Current rate schedules and deposit fees can be found as an addendum to these Rules and Regulations.
11. **METER DEPOSITS:** In an effort to prevent losses from customers who do not readily accept payment responsibilities, the following meter deposit policy will be enforced:

A. For new water service hookups made by the landowner, the project will assess a meter deposit along with the original hookup fee. The deposit will be retained for twelve (12) months and if the customer makes accurate and timely payments of all water service bills the deposit will be returned with simple interest computed at 2.5% annually.

B. The new tenant of property served by the Little Blue Public Water Project will be required to pay the District a meter deposit and provide other personal contact information within 10 days of moving to the property. If the meter deposit is not received within 10 days, water service will be shut off. The meter deposit will be retained for twenty four (24) months and if the customer makes accurate and timely payments of all water service bills the deposit will be returned with simple interest computed at 2.5% annually. If the renter vacates the premises before 24 months but the account is in good standing, the meter deposit will be returned at a forwarding address, minus any amount required to offset unpaid water charges. If no forwarding address is provided and the tenant cannot be located, after one (1) year, the water district may retain the full deposit.

12. **NOTICE OF WATER SERVICE AVAILABILITY:** The District shall provide to the applicant a written notice when water service is available at the address indicated in the Application for Water Service. The applicant's first remittance for water service furnished shall be on the 1st day of the first whole calendar month following the date of mailing of the notice.

13. **BILLS:** Water users will read their own meters on the last day of each month, or on the earliest date thereafter, and determine their water bill from the then current water rate schedule. A minimum monthly payment is required for which no water is provided. Each 1000 gallons is billed for use. Payment of the month's water bill is due by the 5th day of the following month. Bills not paid on or before the 15th of the month shall be subject to a ten percent (10%) late charge on the entire unpaid balance. All bills due for water service may be paid by mail to Little Blue Public Water Project, PO Box 100, Davenport, NE, 68335.

Failure to pay a bill within 45 days of the due date shall be grounds for discontinuance of the water service. If on a rented property, the tenant's water bill becomes 45 days delinquent and is subject to a service disconnect, the notice will be sent to address on file for the customer.

If a customer's account is not paid in full within any 60 day time period, beginning from the 5th of any month, the service shall be disconnected. The service shall remain disconnected until the account is current, not including a minimum bill for every month the service is off. There shall be a \$20.00 handling charge for all checks returned for insufficient funds.

The District is authorized to file a lien on the property of a customer for non-payment of delinquent accounts. Such lien will be filed in the courthouse of the county in which the property is located. Service will not be restored to the property until and unless the delinquent charges have been paid in full.

14. **RECONNECTION CHARGES:** Service to the Benefit Unit shall be restored if all charges against the unit are paid in full, plus a \$50.00 reconnection charge and a sum necessary to reimburse the District for mileage expense incurred in discontinuing and reinstating service.
15. **FORFEITURE OF THE BENEFIT UNIT:** A Benefit Unit shall be subject to forfeiture at anytime the minimum monthly charge or charges for metered water remains unpaid for consecutive six months after becoming first due and payable. Forfeiture shall occur only after the owner of the Benefit Unit has been given opportunity for a hearing before the Advisory Board at which time the owner may show just cause why the Benefit Unit should not be forfeited. The Advisory Board shall assess the validity of the cause given and shall take action, as it deems necessary. Record of any such actions shall be noted in the board's minutes.
16. **LIQUIDATED DAMAGES:** In the event that the applicant for water service shall fail or refuse to pay for water service as herein provided for the period of sixty (60) months after such connection, he shall pay the Natural Resources District as liquidated damages, and not as penalty, the sum of Two Thousand Two Hundred Fifty Dollars (\$2,250.00). These damages shall be in addition to the benefit unit charge, provided, however, that any monthly Water Service Charge paid by the User for Water Service shall be credited as part payment of said sum. Payment of such liquidated damages shall terminate the responsibility of the User to pay any additional Water Service Charge. Upon such payment and upon forfeiture of the Benefit Unit to the Natural Resources District, Water Service shall be discontinued and all user's rights canceled.

Liquidated Benefit Units may be reinstated to service by filing a new Application for Service. The reinstatement fee shall be \$1000.00 plus a meter deposit, and any reasonable reconnection costs. Reinstatement of service is dependent on system capacity and available water. The District will not guarantee reinstatement opportunities to any liquidated service unit.

17. **ADVANCED WATER PAYMENTS:** Advanced water payments are authorized only in the following situations:
 - A. Temporary seasonal suspension of service for people who, for example, make winter residence in Arizona and where no water consumption is anticipated.
 - B. Standby meter pits where the customer desires to retain a connection for possible future use but where no meter is installed in the pit and no water consumption is anticipated.
 - C. Water service for pasture hookups during the period of time that no livestock will have access to the pasture, such as during the winter season. The bill will be calculated by figuring 6 months minimum charges for the off season for which advance payment will

be allowed. Water reporting and payment of bills is required, as usual, on a monthly basis during the 6 month summer grazing period.

D. Water service to rural fire districts, where minimal and irregular water consumption is experienced.

Advance payment arrangements will be made by completing the applicable Pre-Payment Request Form and will include minimum charges and all applicable sales tax for the term of intended non-use. If a customer has enrolled for advanced payment privileges, and a leak occurs on their side of the meter during the prepayment period, the customer will be responsible for all water lost due to the leak. The amount of water lost will be prorated over the months since the last actual meter reading, and billed accordingly.

18. **METER SPOT CHECKS:** The District shall conduct meter spot checks at a minimum of once every year. The purpose of the spot checks shall be to confirm the actual meter reading with that which has been reported by the customer. For spot-checking purposes, when meters are served by a remote readout, the reading shown on the primary meter will have precedence over the remote readout reading. Accurate reporting is a requirement. Should a discrepancy in readings occur the following procedures shall be followed:

- A. Over-Reporting (More water has been reported and paid for than actually shown used.) The water user shall be asked to use the current meter reading with their next payment and proceed with actual meter readings in subsequent months. Payments for over-reporting are nonrefundable; however, the monetary amount of overpayment may be used as a credit for future water use.
- B. Under-Reporting (Less water has been reported and paid for than actually shown used.) The District shall prorate back the average amount of water used per month for the number of months since the last meter spot check was made. The total amount already paid for water shall then be subtracted from the total prorated monthly charges to determine the amount of payment due. A 10% charge shall be added to the amount due as penalty for late payment.

19. **CONSUMER'S RESPONSIBILITY:** The District is responsible for general operation and maintenance of all Project facilities. The consumer shall be responsible for any damage to service equipment installed by the District for his service, on account of the consumer's negligence or any cause other than normal wear and tear defect in workmanship or material, or the District's installation thereof. If dirt work is to be conducted by the consumer or his agent which might impact buried facilities, it shall be the consumer's responsibility to contact the Little Blue Public Water Project Superintendent to locate facilities prior to commencing work. The customer shall not construct or permit to be constructed any physical structure or obstruction on or over the waterline or appurtenance which may cause interference to construction, inspection, operation, maintenance repair or replacement of such facilities.

20. **CHANGE OF OCCUPANCY:** It shall be the consumer's responsibility to anticipate changes of occupancy and to have the subject Benefit Unit transferred to the new consumer as prescribed in the Rules. Until the Benefit Unit is formally transferred or liquidated, the original holder shall be responsible for payment for services. 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.
21. **LANDOWNER-TENANT SITUATIONS:** Property owners are required to notify the water district of changes in any tenant on their property. Landowners who fail to notify the district of the vacating of the property by an old tenant or establishment of a new tenant, may be held responsible for any unpaid water bills if an unpaid account balance is left by the tenant. The landowner is also responsible for informing new tenants of procedures for monthly meter reading, reporting and payment of bills.
22. **CONTROL EQUIPMENT:** Meters and pressure control 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. No consumer will be supplied a service except through a properly installed meter.
23. **METERS OR PRESSURE ACCURACY:** Meters and pressure control valves will be checked periodically at the discretion of the District. Pressure control valves will be checked by means of a pressure gauge to assure reasonable accuracy. Meter tests will be made by the District, according to methods of the American Waterworks Association as often as deemed necessary. 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. Water bills will be adjusted for the previous 6 months if found to be outside the allowable limits.
24. **REQUESTED METER OR PRESSURE VALVE TESTS:** Meter or pressure reducing valve tests requested by consumers will be performed without cost to the consumer if the items are found to be in error exceeding the following limits: Water meters found to be in excess of two (2%) percent fast in recording the rate of water flow; or pressure reducing valves found to allow greater than 80 p.s.i. of pressure to be delivered to the consumer.
25. **LEAD FREE CONSTRUCTION:** After connection to the District's water system, all new construction or repairs made to customer's water service or plumbing, including pipes, pipe fittings, solder or flux, used in the installation or repair of the consumer's lines must be lead free. (Lead free when used with respect to solders and flux means they contain not more than two-tenths percent lead. When used with respect to pipe and pipe fittings, it shall contain no more than eight percent lead.) Any violation of this regulation shall cause the removal of such facilities at consumer's expense, plus an additional

verification cost of \$100.00 and a sum to reimburse the District for mileage expense incurred for inspecting and approving materials used.

26. **CROSS CONNECTIONS:** There shall be no physical cross connections between any private water system, holding tank, reservoir, sewer, drain, conduit, tank, pump, plumbing fixture, heat exchanger, or other mechanical equipment or device which waste, liquid or gas of unknown or unsafe quality which may be capable of imparting contamination or pollution to the potable water supply as a result of backflow (due to either backpressure or backsiphonage), and the water system of the District unless such connection is protected by a back-flow prevention device deemed appropriate by the District under the Rules and Regulations of the State Health Department and installed at the user's expense. The District's licensed operator shall conduct an on-going cross-connection control program consisting of cross connection detection by means of consumer surveys, assessment of apparent hazards presented by cross connections detected through surveys, and the requirement of backflow prevention devices to be installed and maintained by consumers where necessary, in the District's judgment, in order to protect the public against potential hazards to the water supply. The program may also include containment through the use of backflow prevention devices installed at appropriate locations throughout the water system where feasible and desirable, within budget constraints, in the judgment of the District. Compliance with the program shall be enforced by requiring, as a condition of continued water service, the prompt return of consumer surveys as often as deemed necessary, but no less often than every five years, the correct installation and maintenance of any backflow prevention devices required by the District, and annual written certification of testing by a state-licensed backflow prevention device tester of required devices having test ports. Failure or refusal to comply with program requirements may be treated by the District in the same manner as unpaid water accounts, with disconnection as a penalty. Representatives of the District shall have the right at all reasonable hours to enter the consumer's premises for the purpose of inspection and enforcement of these provisions.
27. **TAMPERING WITH DISTRICT LINES:** In the event that any person should tamper with the water lines of the District, for the purpose of obtaining unmetered water, such actions shall be treated as theft and legal action shall be initiated by the District as deemed necessary.
28. **VIOLATIONS:** Violations of any of the provisions of the Rules and Regulations as set forth above or as may be amended from time to time by the Board shall constitute cause for disconnection of a consumer's service pending compliance therewith; and, repeated violations, after notice and opportunity for hearing by the Board, shall constitute grounds for forfeiture of the Benefit Unit.
29. **PLANS AND REGULATIONS:** A copy of project construction plans and these rules and regulations will be kept permanently on file in the office of the Little Blue Natural Resources District, Davenport, Nebraska.