

RULES AND REGULATIONS
OF
MILLIGAN WATER SYSTEM, INC.

I) CLASSIFICATION OF SERVICE:

Residential: This category applies strictly to a single-family dwelling or to each residential unit in an auto court, duplex or multiple dwelling building.

Commercial: This category applies to all service not classified as residential.

II) APPLICATION FOR SERVICE:

- (a) The Consumer will make application for service in person at the office of the Corporation and at the same time make the deposit guarantee required below. The appropriate installation charges for a meter or the service charge to turn on service must also be paid at the time of application for service. A separate meter is required for each residence and business.
- (b) The Corporation may reject any application for service not available under a standard rate or which involves excessive service cost or which may affect the supply of service to the other customers or for other good and sufficient reasons.
- (c) The Corporation may reject any application for service when the applicant is delinquent in payment of bills incurred for service previously supplied at any location. When the owner of the premises has been served water and has not paid for the service, the Corporation shall not be required to render service to anyone at said location until said water bill is paid in full.
- (d) For violation of any of the provisions of these rules relating to application for service, the Corporation may at the expiration of 10 days after mailing a written notice to the last known address of the consumer, remove the meter and discontinue service. Where the meter is thereafter re-installed, the consumer shall first pay to the Corporation a re-installation charge at the current installation rate.

III) GUARANTEED DEPOSIT & FEES:

- (a) For residential use a minimum cash deposit of \$100.00 will be required for owners and a minimum cash deposit of \$200.00 will be required for renters. For commercial use a minimum cash deposit of \$100.00 will be required for owners and a minimum cash deposit of \$200.00 will be required for renters.
- (b) The individual in whose name the deposit is made shall be responsible for all bills incurred in connection with the service furnished
- (c) A separate deposit is required for each meter installed.
- (d) The guarantee deposit receipt is not negotiable and can be redeemed only at the Corporation's office.
- (e) Where the Corporation finds that the request for a guarantee deposit refund is questionable, the Corporation may require the applicant for refund to produce the deposit receipt properly endorsed. A family member can assume the deposit of a deceased member.
- (f) A membership fee of \$5.00 and a service charge of \$25.00 for each service will be paid at the time of application for service.

- (g) Installation charges for a ¾" meter will be \$2,750.00 and charges for a 1" meter will be \$3,500.00. These fees are subject to change by vote of the Board as the need arises.
- (h) Developers and contractors will be charged an impact fee of \$1,000.00 per meter installed.

IV) MINIMUM CHARGE:

- (a) The monthly minimum charge of \$34.00, as provided in the rate schedule, shall be made for each meter installed, regardless of location. Each meter requires a separate meter reading sheet and each meter reading sheet shall cover a separate and individual account. If the monthly minimum is not paid within a 90 day period, the member shall be disconnected without notice and will be charge a re-installation fee of \$350.00 to regain active service. If the customer requests removal of the meter to avoid the minimum monthly payment fee, a \$350.00 meter re-installation fee will be charged if service is to be actively restored as well as charged a new deposit.
- (b) For trailer courts, campgrounds, or small cottages having no inside water facilities, the regular monthly minimum charge will be made for meter service plus an additional monthly minimum charge of \$10.00 for each camping space or cottage whether occupied or unoccupied. Any water used above the amount covered by the minimum charge will be billed at the existing rate schedule.
- (c) Each unit in a duplex or multiple dwelling building will have a separate meter and the regular minimum charge will be made for each meter service.

V) CORPORATION'S RESPONSIBILTY AND LIABILITY:

- (a) The Corporation may install its meter at the property line or, at the Corporation's option, in a location mutually agreed upon by the owner and the Corporation.
- (b) When two or more meters are to be installed on the same premises for different consumers, they shall be closely grouped and each clearly designated as to which consumer it applies.
- (c) The Corporation does not assume the responsibility of inspecting or repairing the consumer's piping or apparatus.
- (d) The Corporation reserves the right to refuse service unless the consumer's lines or piping are installed in such manner as to prevent cross-connection and backflow.
- (e) The Corporation shall not be liable for damage of any kind whatsoever resulting from water or the use of water on the consumer's premises. The Corporation shall not be responsible for any damage done by or resulting from any defect in the piping, fixtures, or appliances on the consumer's premises. The Corporation shall not be responsible for negligence of third persons or forces beyond the control of the Corporation resulting in any interruption of service.
- (f) Under normal conditions, the consumer will be notified of any anticipated interruption of service.
- (g) The Corporation shall furnish and maintain a cut-off valve on the consumer's side of the meter and on the Corporation's side of the meter.

VI) CONSUMER'S RESPONSIBILITY:

- (a) When a meter is placed on the premises of a consumer, a suitable place shall be provided by the consumer for placing such meter, unobstructed and accessible at all times to the meter reader.
- (b) The consumer's piping and apparatus shall be installed and maintained by the consumer at the consumer's expense, in a safe and efficient manner and in accordance with the Corporation's rules and regulations and in full compliance with the sanitary regulations of the State Board of Health.
- (c) The consumer shall guarantee proper protection for the Corporation's property placed on the consumer's premises and shall permit access to it only by authorized representatives of the Corporation.
- (d) In the event that any loss or damage to the property of the Corporation or any accident or injury to persons or property is caused by or results from the negligence or wrongful act of the consumer, his agents or employees, the cost of the necessary repairs or replacements to the Corporation and any liability otherwise resulting shall be assumed by the consumer. The amount of such loss or damage or the cost of repairs shall be added to the consumer's bill and if not paid, service will be discontinued by the Corporation.

VII) ACCESS TO PREMISES:

- (a) Duly authorized agents of the Corporation shall have access, at all reasonable hours, to the premises of the consumer for the purpose of installing or removing Corporation property, inspecting piping, reading or testing meters or for any other purpose in connection with the Corporation's service and facilities.
- (b) Each consumer shall grant or convey, or shall cause to be granted or conveyed, to the Corporation a perpetual easement and right-of-way across any property owned or controlled by the consumer wherever said perpetual easement and right-of-way is necessary for the Corporation water facilities and lines to be able to furnish service to the consumer.

VIII) CHANGE OF OCCUPANCY:

- (a) Not less than three days notice must be given in person or in writing at the Corporation's office to discontinue service or to change occupancy.
- (b) The outgoing party shall be responsible for all water consumed up to the time of departure or the time specified for the departure.

IX) METER READING – BILLING – COLLECTING:

- (a) Meters will be read and bills rendered monthly and are due when rendered. The Corporation reserves the right to vary the dates or length of period covered, temporarily or permanently if necessary or desirable.
- (b) Bills for water will be figured in accordance with the Corporation's published rate schedule and will be based on the amount consumed for the period covered by the meter readings.
- (c) Charge for service commences when a meter is installed and connection made, whether used or not.

- (d) Bills are due when rendered, delinquent after the 15th and a 10% penalty will be added. If the bill is not paid by the 25th of the month, service will be disconnected with no second notice.
If service is terminated a reconnect fee of \$50.00 will be added to the bill and the total due must be paid before service is resumed.
- (e) Failure to receive bills shall not prevent such bills from becoming delinquent nor relieve the consumer from payment.

X) SUSPENSION OF SERVICE:

- (a) When services are discontinued and all bills paid, the deposit will be applied to the final bill and any balance of the deposit will be refunded.
- (b) Upon discontinuance of service for nonpayment of bills, the deposit will be applied by the Corporation toward settlement of the account. Any balance of the deposit will be refunded to the consumer, but if the deposit is not sufficient to cover the bill, the Corporation may proceed to collect the balance in the usual way provided by law for the collection of debts.
- (c) The Corporation may discontinue service to a member who allows a connection or extension to be made to his/her service line for the purpose of supplying service to another user.
- (d) The Corporation reserves the right to discontinue its service without notice for the following additional reasons:
 - 1.) To prevent fraud or abuse.
 - 2.) Consumers willful disregard of the Corporation's rules.
 - 3.) Emergency repairs.
 - 4.) Insufficiency of supply due to circumstances beyond the Corporation's control.
 - 5.) Legal processes.
 - 6.) Direction of public authorities.
 - 7.) Strike, riot, fire, flood, accident or any unavoidable cause.
- (e) The Corporation may, in addition to prosecution by law, permanently refuse service to any consumer who tampers with a meter or other measuring device

XI) COMPLAINTS-ADJUSTMENTS:

- (a) If the consumer believes his bill to be in error, he shall present his claim, in person, at the Corporation's office before the bill becomes delinquent. Such claim, if made after the bill has become delinquent, shall not prevent discontinuance of service. The consumer may pay such bill under protest and said payment shall not prejudice his claim.
- (b) The Corporation will make special meter readings at the request of the consumer for a fee of \$10.00. If such special reading discloses that the meter was over-read, no charge will be made.
- (c) Meters will be tested at the request of the consumer upon payment to the Corporation of the actual cost to the Corporation of making the test. If the meter is found to be defective, there will be no charge to the consumer.

XII) ABRIDGMENT OR MODIFICATION OF THE RULES:

- (a) No promise, agreement or representation of any employee or agent of the Corporation shall be binding upon the Corporation except as it shall have been agreed upon in writing, signed and accepted by the acknowledged officers of the Corporation.
- (b) No modification of rate or any rules and regulations shall be made by any agent of the Corporation.

XIII) ADOPTION OF RULES:

Until further order of the Board of Directors of this Corporation the rules and regulations as herein above set out, are hereby adopted as of the date hereof to become effective on and after March 1, 2011 and therefore nullify all other rules and regulations adopted by the Corporation.

Milligan Water System, Inc.

By: Martin W. Ellis 110311
Martin W. Ellis, President Date

Attest: [Signature]
Lisa Fredericksen, Sec./Trs.

March 11, 2011
Date

Revised: March 1, 2011 to be Effective March 1, 2011
By Board Vote at Annual Meeting