2007

Rules and Regulations

Perkins County Rural Water System, Inc.

Pursuant to Article XV, Section 3 of the By-Laws of the Perkins County Rural Water System (hereinafter referred to as PCRWS or System), the Board of Directors (hereinafter referred to as the “Board”) hereby adopts the following Rules and Regulations. The Board may, from time to time, amend and revise such Rules and Regulations, as it deems necessary to continue the efficient operation and management of the system.

The mission of the Board is to provide for, and maintain a dependable, high quality water service to the membership. The Board shall plan and provide for an adequate long-term water supply and source to meet the continuing needs of the System.

1. OBJECTIVES:
   1. To plan for continuity of System operation for the benefit of members.
   2. Set policies to govern, guide, and direct Management to carry out the activities of the System.
   3. To establish rules and regulations setting forth the System’s intentions for the conduct of the business affairs of the System in a manner that will result in a successful operation.
   4. To make known to the consumers, the rules and regulations of PCRWS.
   5. To create a favorable image among the water users and general public.
   6. To promote maximum beneficial utilization of water among the users by providing additional services desired by the consumers where feasible and approved by directors.
   7. To treat all water users alike with respect to recurring situations by establishing rules and regulations.
   8. To represent at all times the interests of the water users in the most fair and equitable manner.
2. DEFINITIONS
   1. MEMBERS: All water users, who have complied with the requirements of these Rules and Regulations, shall be members of the System pursuant to Article VI of the By-Laws.
   2. MEMBER IN GOOD STANDING: A member who does not have a service disconnected for non-payment, fraud, theft or other cause.
   3. MAIN LINE: Pipeline generally paralleling public right-of-way, and section lines or private right-of-way, and making the distribution system of the System. The main line will generally be located such that it serves or may in the future serve more than one user.
   4. SERVICE LINE: Headquarters Hookup: The pipeline running from the main line to the meter pit or to the curb stop. Livestock Hookup: The pipeline running from the main line to the meter pit located at a location decided by the System.
   5. HEADQUARTERS TAP: A rural water hookup intended for domestic and/or livestock water use.
   6. LIVESTOCK TAP: A rural water hookup intended for livestock use only.
   7. WATER USER CONNECTION POINT: The point at which the water user’s private system is connected to the meter.
   8. YARD AREA: The areas of a farmstead, rural residence or cabin site which contains buildings, fences, wells, windmills, buried pipes, buried wires, sewers, or other obstructions such that the installations of buried water line by large high production trenches or plows is rendered impractical or very difficult.
   9. LICENSED PLUMBERS AND CONTRACTORS: Plumbers and contractors licenses as defined in the South Dakota or North Dakota State plumbing code.
   10. TENANT: A person paying the water bill for a water service location on property not owned by that person. Tenants desiring service will need written authorization from their landlord.
   11. TEMPORARY DISCONNECT: Any interruption of water service not of a permanent nature.

3.00 MEMBERSHIPS: The System will issue membership certificates to the users and maintain the membership in the System files. All changes in membership must be processed through the System office. Memberships are classified and defined as follows:

3.01 HEADQUARTERS: A member having a tap within PCRWS boundaries from which water is used for human consumption and other household purposes in an inhabited dwelling. The fact that livestock is also watered from this tap does not affect its classification as a “headquarters tap”. The first tap at any location will be under this classification for membership hookup fees.

3.02 RURAL PASTURE: A rural member having a tap within PCRWS boundaries from which livestock are watered and is not used for human consumption or other household purposes. This term may be used interchangeably with “pasture tap” and used on a seasonal basis.

3.03 MUNICIPAL: Any incorporated city or town having a tap within PCRWS boundaries that enters into a contract with PCRWS to purchase water at a bulk rate.

3.04 SPECIAL: Any user who requires a meter larger than a 5/8” x ¾” meter and with whom a connection fee of special rate has been negotiated. Also, any unincorporated city, town or village, or cluster of homes, or trailer homes, with whom the Board may negotiate for the providing of water service.

Classes of Special Users are:

1. Class I Special User: Those special users who provide their own storage and pressure and maintain wells for peaking needs.
2. Class II Special User: Those special users which provide their own storage, and Perkins County Rural Water provides all water needs and which have a population less than 175 and use less than 45,000 gallons per day.
3. Class III Special User: Those special users who have Perkins County Rural Water supply all the water and storage and pressurize an existing distribution system.
   1. SEASONAL CABIN: A water user hookup located at a cabin or trailer or place of landowner to apply for service in his own name, business or other approved service location which is occupied part time or seasonally. Water use at said hookup shall be restricted to household and lawn watering.
   2. APPLICATION FOR MEMBERSHIP:
      1. The consumer or entity will make application for service, in person, at the office of the System or at a place designated by the Board, and at the same time make the deposit required by the System. A membership will be required for each municipality, headquarters, pasture tap, seasonal or special. The first tap at any rural location will be considered a headquarters’ tap for membership hookup fee.
      2. The System may reject any application for service which involves excessive service cost, or which may affect the supply of service to other water users, or for other good and sufficient reasons.
      3. All applications shall be considered for approval by the Board after the engineer determines the feasibility and makes recommendations to the Board.
      4. Feasibility of the application may include cost, capacity, use or conditions that have bearing or affect on the hydraulic design of the System, its present members or future needs.
      5. All material and special equipment or costs specifically assigned to an application and paid for by the user as a condition of receiving service shall remain the property of the System. Such added costs paid by the user will be considered a grant in aid of construction.
      6. Added costs for service lines, nonrecoverable material associated with installing a new service line, may be estimated and collected prior to the installation of said service. Such estimates shall reflect current costs and charges applicable to installation. Any necessary monetary adjustment will be considered after completion of the installation.
      7. Commercial users, developers and municipal users will be considered specifically and separately at the time of the supplication. Fees and costs will be recommended by the engineer and contracts for such service will be approved by the Board and periodically reviewed.
      8. The System may reject any application for service when the applicant is delinquent in payment of bills, incurred for service previously supplied at any location. The System may supply service to anyone at said location where water is used, when said water bill has been paid or when satisfactory arrangements have been made for such payment.
      9. Every applicant for service shall execute an Agreement to pay five (5) year’s monthly minimum charges once water is available for use by the water user. The agreement states all applicants shall faithfully abide by the Articles of Incorporation, By-Laws and Rules and Regulations of the System as a condition of membership and in consideration for the services provided for by the System. All applicants, as a part of the application, shall agree to allow the System all rights-of-way, easements, and such access to the property of the applicant as is reasonable and necessary to provide service to the property of the applicant and other users of the system.

4.00 CLASSIFICATION OF APPLICANTS AND USERS:

4.01 Initial: An applicant who makes application prior to the sign up cut off date as set by the Manager and Board of Directors.

4.02 Secondary: An applicant who makes application after the cut off date set by the application after the cut off date set by the Manager and Board of Directors, but before final design for that phase.

4.03 Late: An applicant who makes application after the final design in that phase, and construction has not passed the hookup.

4.04 Subsequent: An applicant who through no fault of his own, could not have made application prior to the sign up cut off date and who makes application after the sign up cut off date. Normally this class shall be limited to applicants who purchased the property shown on the application or, in case of headquarters’ hookups, those who construct a new dwelling after the sign up cut off date and who make application within 1 year of purchase or construction.

4.05 Tenant: An applicant who applies for service at a water hookup for which there is already a membership owned by the landowner and who has been given a written authorization from the landowner to apply for service in his own name.

5.00 TEMPORARY AND SPECIAL USERS

5.01 The System will supply service for temporary purposes provided the System has water available in excess of regular needs, and provided the System has available material and equipment necessary to supply said service. Each applicant for such service must pay in advance to the System an estimate of the cost of labor and materials less salvage value on removal for installing and cost of removing such service, at the rates established by the System for the classification of use.

5.02 Trailer parks will be connected only after a determination that delivery capacity is sufficient for their needs. Any extra capacity or storage needed will be paid for by the applicant. Service will be provided through a single bulk meter but the minimum charge will be determined by multiplying the number of taps in service on the first of the month by the minimum charge paid by rural headquarters members. Water consumed in excess of the combined minimum will be sold at the standard rate.

5.03 In those trailer parks where each resident owns his own lot, individual meters will be installed and each lot owner will be treated as a rural headquarters member.

5.04 Applicants for service planning a residential development will be required to pay for system improvements needed to provide the necessary capacity. The developer will provide the necessary service lines and distribution system within the development area, these improvements to be dedicated to the System and will be served as special users.

6.00 SYSTEM RESPONSIBILITIES:

6.01 It is the purpose and objective of the System to provide a continuing source of water to all members throughout all seasons. The System shall make diligent efforts, within economic feasibility, to maintain or restore service as soon as reasonably practicable. The System shall, likewise, attempt to encourage all users to utilize practices and procedures to prevent unnecessary outages or freezing of lines and disruption of service. Under no circumstances shall the System be obligated for any expense of damage incurred by its users as a result of outages, freezing, or conditions beyond its control. The System will make reasonable effort to restore service to its users.

6.02 The System endeavors to maintain a minimum of 30 psi to each user connection. The System’s first priority is to household use. Household demand will be based on a 12-hour daylight period. Livestock demand will be assigned a secondary priority and based on a 24-hour delivery capability. Other users will be on an “as available” basis and shall not interfere with the assigned priorities outlines. In the event of a circumstance or circumstances, which would affect the Systems delivery capabilities or which may require usage restriction, such restrictions may be imposed to ensure minimum pressure.

6.03 PCRWS will run a service line to a metering pit or member’s frost free location. A back flow preventer will be furnished to install between the users line and the Systems line to prevent any contamination of the System’s water.

6.04 PCRWS will extend the service line to the nearest point of the pasture boundary or the pastures own water system.

6.05 PCRWS will run its service line to a point or points agreed upon by both parties outside or within the corporate limits of an incorporated municipality. Special members will be serviced as mutually agreed upon.

6.06 If a headquarters utilizes one meter for two or more occupied dwellings at the same headquarters, then one minimum will apply.

6.07 In the event service is lost due to negligence or neglect of a water user, all expenses for restoring or attempting to restore service shall be charged to that user and there shall be no suspension of water bill or minimum.

7.00 LIMIT OF LIABILITY:

7.01 The System shall not be liable for damages of any kind whatsoever resulting from water or the use of water on consumers premises. The System shall not be responsible for negligence of third persons or forces beyond the control of the System resulting in any interruption of service

7.02 The System will pay crop damages caused by water breaks after any construction contractor warranties expire in the amount determined by the Board based upon that crop year’s actual yield for the field in which the damage occurs, with compensation to be based on the price of the damage crop at the time of harvest.

7.03 The System shall not be liable for negligence of third persons or forces beyond the control of the System resulting in any interruption of service nor shall the System be liable for damage of any kind whatsoever resulting from snow melt or rain water run off.

8.00 CONSUMERS RESPONSIBILITY:

8.01 The consumers meter shall be unobstructed and accessible at all times for reading.

8.01.1 If the consumer believes their meter reading to be in error, they shall present their claim in person, at the System’s office before the bill becomes delinquent (between the 1st and 15th of the month). Such claim, if made after the bill has been delinquent shall not be effective in preventing discontinuance of service, as heretofore provided. The consumer may pay such bill under protest and said payment shall not prejudice their claim.

8.01.2 Meters will be tested at the request of the consumer upon payment to the System of the actual cost to the System, of making test, provided however, that if the meter is found to over register beyond five (5%) percent of the correct volume, no charge will be made.

8.01.3 Without written authorization, the consumer shall not break the meter seal. The System may test or cause to be tested a meter with a broken seal. The consumer may be subject to pay the actual costs, to the System of making such test.

8.01.4 The member must make any claim of error when discovered. In no event shall the System be responsible, or the consumer entitled, to an adjustment for more than one month meter reading of water service irrespective of the extent of the meter error, if any.

8.02 The System shall be responsible for connecting the consumer’s system at the consumer’s connection point provided by the System. The consumer shall install and maintain a pressure relief valve on his water heater. After initial hookup, the consumer shall be responsible for his or her own plumbing and connection made to PCRWS and shall comply with the State of South Dakota’s or North Dakota’s Plumbing Code requirements. If PCRWS is connected to the consumer’s water system, the System will provide a back flow prevention device approved for the purpose by the South Dakota or North Dakota Plumbing Commission Code.

8.03 For initial seasonal cabin and livestock water user hookup, the System will be responsible for connecting the consumer’s system at the Consumer’s connection point. Frost free hydrants shall be installed at the pasture hookup. After the initial hookup, the water user shall be responsible for his or her own plumbing and connections made to the PCRWS and shall comply with the State of South Dakota’s or North Dakota’s Plumbing Code requirements. If PCRWS is connected to the consumer’s water system, the System will provide a back flow prevention device approved for that purpose by the South Dakota or North Dakota Plumbing Commission code.

8.04 The consumer shall guarantee proper protection for the System’s property placed on the consumer’s premises and shall permit access to it only by authorized representative of the System.

8.05 In the event that any loss or damage to the property of the System, 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 shall be paid by the consumer to the System or any liability otherwise resulting shall be assumed by the consumer.

8.06 The amount of such losses or damage or the cost of repairs shall be added to the consumer’s bill and if not paid, service may be discontinued by the System. The System may maintain a cause of action for any damages sustained.

8.07 Water furnished by the System shall be used according to the classification of membership of the consumer. The consumer shall not sell water to any other person. Water shall not be used for irrigation or other purposes except that when water is available in sufficient quantity without interfering with the regular classified use, in the area served, the water may be used for other purposes. Disregard for this rule shall be sufficient cause for refusal or discontinued service. Gardens for personal use may be irrigated.

8.08 Meter pits that have been installed by the System shall not be used by the consumers for their plumbing or valves. Users who have plumbing in the System’s pit will be notified to remove that plumbing.

8.09 Repairs made by unauthorized persons to equipment and facilities of the System will not be allowed nor reimbursed, except by specific authorization prior to the repair.

8.10 It is the consumers responsibility to notify PCRWS office if any substantial increase in water usage is planned.

8.11 In the event all reasonable efforts to restore water service loss due to circumstances beyond the control of the System, the user shall be responsible for providing an alternate source of water for their use in the interim at no expense to the System.

8.12 Any act, condition or practice that is contrary to the policies of the System harmful or detrimental to the System’s users or representatives shall be cause for termination of service.

8.13 The user shall permit access to the System’s meter, valves and equipment on his property at all time.

8.14 A member by electing to receive water service, assumes the responsibility for and agrees to abide by the policies, and Rules and Regulations of PCRWS.

9.00 METER READING-BILLING-COLLECTIONS

9.01 Minimum payments are due monthly, in advance. Each customer shall read their meter on the first day of each month and submit that reading with previous charge to the office of the System or designated billing collection point. Livestock pasture taps must pay their minimum billing for the up-coming year on an annual basis, on April 1st of each year.

9.02 During the initial construction of the system, each consumer shall be notified in advance of the time service will be available. The charge for service commences when water is available at the customer connection point whether used or not. Since the System will be hooking up the service for the consumer, first minimum payment will be due when the tap is put into services.

9.03 Bills shall be declared delinquent after the 15th day of the month for services billed monthly and November 15th for services billed annually. Thereafter, service may be discontinued by the System with notice to the customer, and to the landowner if the customer is a tenant by certified letter. All delinquent bills are subject to a late charge. When deemed necessary by the System for System personnel to make a trip to obtain a meter reading for billing purposes, a service charge shall be added to the customer’s bill. Estimated bills will be rendered for customers who fail to submit a meter reading when required.

9.04 Readings from different meters will not be combined for billing, irrespective of the fact that said meters may be for the same or different premises, or for the same or different services. A charge shall be applied to customer’s billing for each time that a meter reading is not provided in a timely manner.

9.05 The System may verify all meter readings randomly. The System may also obtain readings as often as it feels necessary. If the meter reading reported has been falsified and has over 10% water use difference, that is, more water use than recorded, a penalty will be assessed. The penalty will be determined by the average water usage for the previous twelve (12) months.

9.06 The System may use whatever means available to them to effectuate recovery of bad checks received for payment of water bills, materials and supplies, or any other services performed by the System. Such accounts will be treated as delinquent accounts and the charges applicable to such accounts will be charged. Additional expenses incurred by the System to make payment good will be borne by the customer. There will be a charge on all checks returned from the bank.

9.07 The System may refuse personal checks for payment of amounts due from customers who have established an unreliable payment record; or the System may require a security deposit (which will not accrue interest) in an amount sufficiently equal to three month’s average bills. The System reserves the right to check credit references before accepting application for service, renewing service, or to continue water service.

9.08 Any expenses incurred in the collection of past due accounts will be added to the service location account.

9.09 Any service location where collection action has been necessary to collect the required minimums will not receive service unless water capacity is available and until payment of the following: the accumulated monthly minimum since that date of last payment, plus the difference between the hookup fee paid and the current hookup fee, and the payment of all expenses incurred in the collection of past due amounts.

9.10 A remote meter readout may be installed by the System as a convenience to the water user, however, in the event that a difference occurs in the amount of water use recorded by the remote readout device versus the meter, the reading on the meter shall govern. The water user is responsible for payment for all water metered through a meter which has been tested to be accurate.

10.00 CHANGE OF OCCUPANCY/TRANSFER OF MEMBERHSIP

10.01 Not less than seven (7) days notice shall be given by the customer to the PCRWS’s office in person or in writing to discontinue service or change occupancy.

10.02 The outgoing party shall be responsible for all water consumed up to the time of departure or the time specified for departure, whichever period is longest.

10.03 Membership will remain with the location of the service connection. A member selling property on which a service connection is located shall relinquish his or her membership in PCRWS for that location. A member is not entitled to transfer their membership to a new property location, except prior to construction and upon approval by the Board.

11.00 ACCESS TO PREMISES-EASEMENT-CROP DAMGAES

11.01 ACCESS: Duly authorized agents of PCRWS shall have access, at all reasonable hours, to the premises of the customer for the purpose of installing or removing PCRWS property, inspecting piping or equipment, reading or testing meters or for any other purpose in connection with the PCRWS’s service and facilities.

11.02 EASEMENTS: Each customer shall grant or convey, or cause to be granted or conveyed, to the PCRWS a permanent easement and right-of-way across any property owned or controlled by the customer wherever said permanent easement and right-of-way is necessary for the PCRWS water facilities and lines.

11.03 REFUSED EASEMENTS: In the event the System requests an easement to facilitate the construction of its system, and the owner of the parcel across which the easement is requested refuses to grant an easement, then the following rules apply:

11.03.1 The System shall redesign the affected portion of the system in order to avoid the property over which an easement has not been granted, and the increase in cost necessitated by that change shall be recorded in the records of the System.

11.03.2 At such time as water service for the System is requested by the person who owned the parcel over which an easement was refused, then the applicant for service shall be required to pay for the increased construction cost described above, as well as any regularly applicable membership fees and charges for water services.

11.03.3 These rules apply to water service requested on the parcel upon which the easement was refused, as well as the request for service on any other property owned by the person who refused to grant an easement.

11.03.4 The construction cost recapture provisions of this policy shall apply to the person who refused to grant an easement.

11.03.5 Nothing contained in this policy shall be construed as a waiver of Perkins County Rural Water System’s power of eminent domain.

11.04 CROP DAMAGE: Crop damages will be paid for by the contractor or owner caused by the original construction of the main and distribution pipeline as is provided herein: also, crop damages will be paid for the original construction of the main transmission pipeline and for the construction of the secondary distribution pipeline as is provided in subparagraph [11.04.4]. Main transmission pipeline will generally be located such that it serves or may serve now and in the future more than one user. This pipeline normally would be equal to or greater than eight (8) inches in diameter and capable of transporting up to 800 gallons per minute or more. The Board of Directors may designate any other transmission pipeline as main transmission pipeline if, in its sole and exclusive discretion, such designation is appropriate.

11.04.1 DAMAGE COMPENSATION: If crops are damaged because of the installation of main and distribution pipeline, the owner or owners (as their interests may appear) of the crops shall be compensated based upon that crop year’s actual yield for the field in which the damage occurs, with compensation to based upon the price of the damaged crop at the time of sale by owner.

11.04.2 DAMAGES TO PASTURE: Excess damages to pasture ground will be negotiated between the System and the landowner. If the owner and the System cannot agree upon the amount, the System will refer to Section 11.04.5.

11.04.3 PAYMENT FOR APPURTENANCES: Perkins County Rural Water System will pay to the owner of the real estate upon which the main transmission pipeline is being constructed, $100 for each air release, blow-off, inline valve, and each buried metal vault located upon the owner’s real estate. This amount will be paid in addition to crop or pasture damage, and shall be paid one time only. However, if one of these four appurtenances are placed in a cultivated field because they cannot be located along a fence line, along a crop line or along any property line and the appurtenance is clearly an obstruction to farming operations, payment shall be the lesser of $1000 or 50% of the estimated increase in construction costs for relocation of the appurtenances (as provided by Perkins County Rural Water System’s engineer).

11.04.4 DAMAGES FROM CONTINUING OPERATIONS: Perkins County Rural Water System will reimburse the owner or owners (as their interest may appear) for crop damage resulting from the repair, operation maintenance of main transmission pipeline as well as secondary main distribution pipeline. Perkins County Rural Water System will only pay crop damages which accrued after that portion of the pipeline has been constructed, and is in operation. Also this policy statement does not relieve any contractor which might be deemed responsible for the crop damage as may be provided in contract documents between Perkins County Rural Water System will assist the owner or owners of the crop when making claims against the contractor for crop damages. Compensation for crop damages shall be based upon that crop years’ actual average yield for the field in question, based upon the current price of the crop at the time of sale by owner.

11.04.5 DETERMINATION OF DAMAGES: If the owner or owners and Perkins County Rural Water System cannot agree upon the amount of crop damage, or damage to pasture ground, then such damages will be ascertained and determined by three disinterred persons, one to be appointed by the owner or owners, one to appointed by Perkins County Rural Water System and a third to be appointed by the two previously appointed individuals. Their determination shall be binding upon the owner and Perkins County Rural Water System.

12.00 SUSPENSION OF SERVICES

12.01 When services are permanently discontinued and all bills paid, the meter deposit, if any, will be refunded.

12.02 Upon discontinuance of service for nonpayment of bill the System may proceed to collect the balance due in the usual way provided by law for the collection of debts.

12.03 Service discontinued for nonpayment of bills shall constitute a disconnection and will be restored only after bills are paid in full including the accumulated monthly minimum bill since the date service was discontinued, any requested deposits are paid, provided water service still remains available, and a service charge determined by rates in policy book.

12.04 When water service is disconnected at the request of the water user and all bills are paid, the water user retains his/her rights to membership in the System and rights to water service at the meter location in question. The user agrees to pay a reconnecting cost as set forth at the time of reconnection.

12.05 The System reserves the right to discontinue it’s service without notice for the following additional reasons:

12.05.1 To prevent fraud or abuse.

12.05.2 Water users willful disregard of the System’s rules.

12.05.3 Emergency repairs.

12.05.4 Insufficiency of supply due to circumstances beyond the System’s control.

12.05.5 Legal processes.

12.05.6 Direction of public authorities.

12.05.7 Strike, riot, fire, accident, terrorist act or any unavoidable cause.

12.05.8 To prevent system contamination through an unintentional or intentional connection.

12.06 The System may, in addition to prosecution by law, permanently refuse service to any water user who tampers with meter or other measuring device owned by the System.

These Rule and Regulations shall be reviewed by the Board a minimum of every five years and be modified at any time the Board deems appropriate.

These 2007 Rules and Regulations of Perkins County Rural Water System, Inc. were adopted by the Board of Directors on the 13th day of September, 2007.