

RULES AND REGULATIONS OF THE PINE HILLS MUTUAL WATER COMPANY

Revised as of January 1, 2007

RECOMMENDATIONS

It is strongly recommended that weekenders and others not living full time in the area shut off their water systems at the meter between periods of occupancy in an effort to prevent unidentifiable water loss; and that such systems be properly drained during periods of possible freezing weather in an effort to prevent damage to pipes and fittings.

PRELIMINARY STATEMENT

The Board of Directors of the Company, pursuant to the authority and power reserved to and conferred upon said Board by The Articles of Incorporation, and the amended Bylaws of the Company, does hereby adopt these Rules and Regulations to become and be effective on the 1st day of January, 2007, and to remain in effect until repealed and to supplant all previously adopted rules, regulations and rates

1. Territory Served

All property served with water must lie within the boundaries of Pine Hills Subdivision as shown by Map No. 1393 and re-subdivision Map No. 1641 located in San Diego County. Neither the company nor any owners of property served shall transmit water beyond the boundaries of said subdivision.

2. Description of Services

- a. Water will be sold by the company through metered service at the pressure existing in the distribution system at each meter location. If customer desires any pressure regulation or increase in pressure, he may install and operate such equipment, subject to the approval of the company, at his own expense on his own property.
- b. Water is sold only for household and domestic use for flowers, shrubs, small gardens and lawns connected with the home. The board reserves the right to refuse service for any purpose that might create a demand upon the system which might be detrimental to other customers of the company.

3. Application for Service

- a. Application for service shall be made at the office of the company by completing an application for service and furnishing a plat of the property to be served. Application for service must qualify as follows:
 - 1) Property to be served must lie within the company service territory. Location, lot number and size to be furnished with plat.
 - 2) The applicant must be the owner of record of the property and the owner of one (1) share of Pine Hills Mutual Water Company stock for each parcel to be served.
 - 3) Applicant shall pay to the company in advance \$7500 as a connection charge for each meter installation.
 - 4) In cases of new meter applications where no existing supply lines have been installed in or to the area involved, the cost of such additional lines will be paid by the current property owner(s) in each case. Actual cost(s) of installation including meter and other requirements shall be payable prior to work start unless other arrangements have been mutually agreed upon between the Board of Directors and the applicant(s).
 - 5) Contractors and others doing construction and/or repair work, etc., may apply to the Board of Directors of the Company for temporary water delivery through a meter to be installed, read and removed by PHMWC personnel only. All costs for such service and water shall be borne by the applicant.
- b. All future installation of water lines will follow property lines when possible. Water line routes to be maintained as straight as possible.
- c. Installation drawings of proposed water line(s), that will become the responsibility and property of PHMWC, shall be submitted to PHMWC no less than sixty (60) days prior to construction. The general manager or his/her designate shall inspect all water lines installed by contractors for conformance with American Water Works Association (AWWA) specifications. No trench will be closed without PHMWC approval. PHMWC reserves the right to choose the type of pipe recommended under AWWA specifications.

4. Water Delivery

- a. All water delivered by the company shall be metered. Upon approving the application for service and receipt of required deposits, the company will furnish and install the necessary main, service, meter and meter box. The company will select a location for the meter and meter box adjacent to the property line of the property to be served, the applicant to extend his own piping from this location. All meters and service pipes installed by the company upon the customer's premises for the purpose of delivering water shall continue to be the property of the company and may be repaired, replaced, or removed by the company at any time. Meters and service shall at all times be accessible to the company for inspection, reading and testing.
- b. The company will determine the location on or along its distribution system of the diversion and metering points and the connections for serving each customer.
- c. Before any delivery will be made to a customer there must be installed a service, meter and meter box for measuring the water delivered to the customer.
- d. No customer shall change any service or meter without consent of the company.
- e. When a water meter stops recording water consumption, property owner will be billed 75% of last years same billing period.
- f. When a customer requires a larger meter to replace existing meter, PHMWC will provide and install required meter. The purchase and installation cost of this meter is the customer's responsibility. These charges will be determined by the PHMWC Board of Directors.

5. Tolls and Charges

- a. A charge or toll determined by and in accordance with a schedule of charges or rates established and fixed by the Board from time to time shall be payable to the company on account of such water service. These tolls or charges include a one-time meter installation charge, a monthly standby charge (service charge irrespective of water usage), a water charge, based upon the amount of water used per month, and a charge against the shares, known as an assessment, which may be levied from time to time by the Board of Directors on all shares.
- b. Meters shall be read every two (2) months on or about the 1st day of the calendar month.
- c. Customers will be billed about the 10th of the month following the reading of meters for any charges due. Charges shall

become due upon receipt of billing and shall become delinquent on the 10th day of the following month.

- d. Upon necessity of rebilling any past due fees, a 10% rebilling charge will be assessed on the outstanding balance.
- e. Upon due notice by the company, water service shall be discontinued when a bill has remained unpaid after sixty (60) days from the billing date.

6. Service Discontinued for Non-payment of Charges

- a. Whenever either tolls or charges for water service or assessments on water stock remain delinquent for thirty (30) days service may be discontinued by the company and no customer shall be entitled to delivery of any water or to take or have delivered any water so long as there are delinquent tolls and charges or stock assessments for the service under which the delivery would have been made. If water service is not being provided to the property, i.e. no meter installed, delinquent charges shall become a lien against the shares issued appurtenant to the property.
- b. When service has been discontinued (locked off) for non-payment of assessments, tolls and charges, it shall not be resumed until all such assessments, tolls, and charges have been paid. This includes noncompliance with Cross-Connection Program. The charge for resumption of service after payment of delinquent charges and penalties if any shall be \$100.
- c. If the PHMWC Board of Directors determines that a customer is not in compliance with the Rules and Regulations set forth by this water company, the Board of Directors can stop the delivery of water to the customer by removing the meter servicing their property. Before meter is removed the customer will be given 120 days to comply. During this period the Board of Directors will send the customer three letters. The first two letters will discuss the noncompliance problem and how it can be corrected. The third letter, if needed, will inform customer that the PHMWC Board of Directors will stop customer's water service by removing the water meter. After compliance with PHMWC Rules and Regulations, customer can request the reinstallation of this meter. The reinstallation will be treated as a new water hookup and the customer will be charged \$7500 for the meter installation.

7. Non-Liability for Interruption to Service

The company shall not be liable for any loss or damage occasioned by or growing out of any discontinuance of or failure on its part to furnish water or service at the times desired, or at all, or for interruption to service, and the company does not guarantee a constant or uninterrupted supply in service, or any specified quantity of water, and shall not be liable for any failure to supply the same except when such failure is due to its own gross negligence.

8. Apportionment of Water

The Board of Directors may at any time or times and in such manner as the Board shall determine, apportion the amount of water available and to be delivered to each share of water stock for any season, year or period of time. Shares shall not be transferred except as an appurtenance to the land described in the certificate of stock in order to obtain water rights under apportionment.

9. Discontinuance of Service

- a. The company shall have the right to refuse to deliver water service to a customer if any part of the customer's service or equipment shall at any time be hazardous to the company's system.
- b. The company shall have the right to refuse to deliver water to any premises and at any time to discontinue service if found necessary in order to protect itself against abuse or fraud.
- c. If the customer shall fail to comply with any of the company's rules and regulations, the company will advise the customer of such failure. If the customer does not remedy same within a reasonable time the company shall have the right to discontinue service.
- d. The company will not furnish water service to any customer if the delivery of such service should be detrimental to the service of other customers connected to the company system.

10. Resale of Water

No customer shall resell any of the water received by him from the company to any other person, firm or corporation on the customer's premises or for use on any other premises.

11. Company's Right to Ingress and Egress

The company shall at all times have right of ingress and egress the customer's premises at all reasonable hours for any purpose connected with the furnishing of water and the exercise of any and all rights secured to it by law or these rules and regulations.

12. Customer Responsibility

- a. The customer shall at his own risk and expense, furnish, install and keep in good and safe condition all pipes, appliances, fixtures and apparatus which may be required for receiving water service from the company.
- b. The customer shall be subject to a charge for all water passing through his meter and the company shall not be expected to make adjustments for water loss on the customer's side of the meter.
- c. Customers shall be responsible for the safety and prevention of damage to the company's piping, valves, meters and other fittings which exist on or adjacent to their property. The company shall be notified if unusual conditions are noted, and prior to any digging, blasting or other activity which might endanger the company's facilities.
- d. Shareholder must submit no less than sixty (60) days prior to breaking of ground for new construction or improvement, site plans that show existing structures and proposed modification. The PHMWC will determine if there is any impact on the water system. If realignment of piping, valves, meters and other fixtures is required, customer will pay 50% of cost for such realignment. Failure to pay shareholder's share of construction or relocation costs may result in discontinuance of water service.
- e. When shareholders are asked to vote on issues affecting PHMWC procedures, each shareholder is given one (1) vote per parcel.

13. Transfer of Water Shares

- a. A \$100 fee will be charged to the seller for transfer of water stock.
- b. No transfer of the share of the company can or will be made on the books of the company while any assessment, charge or toll there against remains or is unpaid.

**ADENDUM TO THE RULES AND REGULATIONS
OF THE
PINE HILLS MUTUAL WATER COMPANY**

CROSS CONNECTION CONTROL REQUIREMENTS

The purpose of these Cross-Connection Control Requirements is to:

- a. Protect the potable water supply of the Pine Hills Mutual Water Company (PHMWC) from the possible contamination or pollution by isolating within the customer's internal distribution system or the customer's private water system such contaminants or pollutants, which could backflow into the PHMWC's water distribution system.
- b. Promote the elimination and control of existing cross-connections, actual or potential, between the customer's onsite potable water system and non-potable water system existing or potentially existing within the customer's onsite distribution system.
- c. Provide the maintenance of a continuing Program of Cross-Connection Control, which will systematically and effectively prevent the contamination and pollution of all potable water systems within the PHMWC.

Definition of terms included herein:

All definitions of Cross-Connection Control and responsibilities of the PHMWC and its customers shall be as outlined in the current edition of the Manual of Cross-Connection Control, Foundation for Cross-Connection Control and Hydraulic Research, University of Southern California.

The responsibility of each party, PHMWC and customer are:

1. The PHMWC is responsible to the State of California, Department of Health, Office of Drinking Water and its customers to maintain an effective and current Cross-Connection Control Program as outlined below:
 - a. No water service connections to any customer shall be installed or maintained by the PHMWC unless the water supply is protected as required by Title 17, California Administrative Code, Department of Health Services. This includes new customers resulting from the sale or transfer of ownership of said property. The minimum service protection within this service area shall be a reduced pressure principle assembly installed at all customer service connections (meters), recommended not to exceed 12 inches between the meter and the installation of the assembly; but in all cases before the first branch line leading off the service line.

- b. All reduced pressure prevention assembly testers shall be certified by the certified Backflow Assembly tester (American Water Works Association or American Backflow Prevention Association) approved by PHMWC.
2. The responsibility of each PHMWC customer shall include, but not be limited to:
 - a. A reduced pressure principle assembly installed at all customer service connections (meters), recommended not to exceed 12 inches between the meter and the installation of the assembly; but in all cases before the first branch line leading off the service line.
 - b. Each assembly is to be certified at least annually as directed by the PHMWC, or at any time of repair, relocation, or replacement by the customer. Should an assembly require repair, relocation or replacement during the annual certification period, it must be certified immediately after the work is completed and original certification submitted to the PHMWC within thirty (30) days. The assembly shall return to the PHMWC annual certification schedule.
 - c. The PHMWC must be notified of any installations, repairs or maintenance to the customer's backflow assembly with thirty (30) days.
 - d. The cost of purchasing, installing, maintaining and certifying the customer's backflow assembly is the responsibility of the customer.

Non-compliance and penalties:

In the event a customer is notified that a backflow assembly shall be installed or tested on the customer's service connection and a time period outlined by the PHMWC has been allowed in which the customer has not complied with the District's request, then the customer's water service shall be locked off. The customer's water service shall remain locked until an approved backflow assembly is installed and/or tested, and unlock fees are paid. Unlock fees shall be consistent with fees as outlined in the Rules and Regulations of the PHMWC.

Annual charges:

Annual charges may be established by the PHMWC as necessary. The purpose of such charges will be to cover the cost incurred by the PHMWC for regulation and enforcement of the Cross-Connection Control Regulations. Title 17 of the California Administrative Code, Department of Health Services shall define these regulations.

