

Rules and Regulations

As a member of Davidson Water, Inc., you are a customer and an owner because we are a Cooperative. Members will be referred to below as Member/Customer. As such, you have the right to vote when electing directors who establish policies that determine how the Cooperative operates. You as Members are encouraged to participate in the business of the Cooperative by attending the annual meeting. These service rules and regulations are a part of your service agreement with Davidson Water.

I. Classification of Service

All services are classified under one category to include residential, schools, churches and commercial users unless otherwise established under written agreement with a city or county municipality, sanitary sewer district, or similar cooperative.

II. Rate Schedule and Tap-On Fees

- A. The rate schedule and tap-on fees shall be as established by the directors periodically and set forth in the minutes of the meetings of the directors and attached as Appendix A.
- B. The initial or minimum charge, as provided in the rate schedule, shall be made for each unit, regardless of number of meters serving such unit(s).
- C. Accounts may be grandfathered in with additional units and will be billed per unit for the minimum charge as provided in the rate schedule.
- D. Where service is furnished to a member during certain months only, the minimum charge per service for the period of non-use shall be the regular minimum as set out in the published rates of the Cooperative.
- E. Water Loss Protection Plan (WLPP) is a program to assist members who have experienced high water bills due to a water leak for a minimal fee each month. You may opt out of this program by contacting the Cooperative office. A copy of the WLPP is attached as Appendix B.
- F. Water furnished for a given member shall be used by that member only. Each Unit/and member's service to such unit must be separately metered at a single delivery and metering point. Each residential unit, commercial unit and each storeroom or stall used for business purposes shall have a separate meter. All commercial use, including storerooms and stalls for business purposes, shall be metered separately from any residential use and vice versa, whether now in service or to be installed in the future.

III. Application for Service

- A. Members may make application for service by agreeing to the Rules & Regulations of the Cooperative. Service will be available only to those who have become Members.
- B. The Cooperative 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 other members or for other good and sufficient reasons, in which case the membership fee will be refunded.
- C. The Cooperative may reject any application for service when the applicant is delinquent in payment of bills incurred for service previously supplied at any location, provided that when the owner of the premises has been served water and has not paid for the same, the Cooperative shall not be required to render service to anyone at said location where the water was used until said water bill has been paid.
- D. Any connection must follow the Backflow and Cross Connection policy available on our website and set forth in Appendix C.

IV. Membership Fee

- A. The membership fee shall be \$50.00. Membership fees shall serve as a deposit and shall not draw interest.
- B. The individual in whose name the membership fee is paid shall be responsible for payment of all bills incurred in connection with the service furnished.
- C. A separate membership fee is required for each meter installed.
- D. The membership fee may be refunded to the member less any unpaid balances or charges when a member separates from the Cooperative.

V. Cooperative's Responsibility and Liability

- A. The Cooperative does not guarantee continuous or uninterrupted services and will not be liable for loss or damage due to interruption in service.
- B. The Cooperative shall run a service line from its distribution line to the property line or within the North Carolina Department of Transportation (NCDOT) Right of Way, where the distribution line runs immediately adjacent and parallel to the property to be served, and for which a tap-on fee then in effect for each size of meter will be charged.

- C. The Cooperative may install its meter on NC DOT Right of Way, or near the property line or, at the Cooperative's option, on the member's property or in a location mutually agreed upon.
- D. When two or more meters are to be installed on the same premises for different members, they shall be closely grouped and each clearly designated to which member it applies. The Cooperative will endeavor to locate the meter on a Member's property based on such Member's representations of where their property is located, however the Cooperative will not be responsible for locating a meter on the property of another and any responsibility to move a meter or line shall rest upon the Member making such request.
- E. The Cooperative does not assume the responsibility of inspecting the member's piping or apparatus and will not be responsible therefore.
- F. The Cooperative reserves the right to refuse service unless the Member's lines or piping are installed in such manner as to prevent cross-connection or backflow pursuant to the Cooperative's Backflow/Cross Connection Policy attached as Appendix C.
- G. The Cooperative shall not be liable for damage of any kind whatsoever resulting from water or the use of water on the Member's premises. The Cooperative shall not be responsible for any damage done by or resulting from any defect in the piping, fixtures or appliances on the Member's premises. The Cooperative shall not be responsible for negligence of third persons or forces beyond the control of the cooperative resulting in any interruption of service.
- H. The Cooperative will make reasonable efforts to notify the Member of any anticipated interruption of service, however, it cannot guarantee prior notice in every instance of possible interruption.

VI. Member's Responsibility

- A. The Member shall provide the Cooperative with the Member's current contact information (ie: mailing address, telephone number, email address, mobile number, etc.), and shall be responsible to update the Cooperative should such contact information change. Any notice given by the Cooperative to the Member will be deemed delivered if disseminated to one or more of the contacts then on file with the Cooperative provided by the Member.
- B. Piping on the Member's premises must be so arranged that the connections are conveniently located with respect to the Cooperative's existing distribution lines or mains. However, if piping on a Member's premises is so arranged that the Cooperative is requested to provide additional meters, each location of metering will be considered

as a separate and individual account.

- C. Where a meter is placed upon the property of a Member, a suitable and convenient location shall be provided by the Member for placing the water meter at grade level and unobstructed by fencing, vegetation, mulch, paving, structures, or animals. The Cooperative shall not be liable to any Member for damage to trees, shrubs, lawns, fences, sidewalks, driveways or other obstructions. If a meter is moved at the request of the member or is moved to make the meter accessible to the meter reader, or due to damage to the meter as a result of the encroachment of trees or plant material, the Member shall pay the costs of moving the meter. See Appendix D.
- D. The Member shall furnish and maintain a private cutoff valve on the member's side of the meter with the Cooperative to provide a like valve on the Cooperative's side of such meter. The Cooperative recommends the installation of the Pressure Reducing Valve to regulate the pressure.
- E. The Member's piping and related apparatus shall be installed and maintained by the Member at the Member's expense in a safe and operable manner and in accordance with the Cooperative's Rules and Regulations and in full compliance with the applicable building code and sanitary regulations of the North Carolina Department of Environmental Quality (NCDEQ) and applicable building code requirements.
- F. The Member shall guarantee proper protection of the Cooperative's property placed on the Member's premises and shall permit access to it only by authorized representatives of the Cooperative.
- G. In the event that any loss or damage to the property of the Cooperative or any accident or injury to persons or property is caused through no fault of the Cooperative, the cost of the necessary repairs or replacements shall be paid by the Member to the Cooperative, and any liability otherwise resulting shall be assumed by the Member, and the Member agrees to indemnify and hold the Cooperative harmless from and against any and all loss or claims, including but not limited to reasonable attorney's fees resulting therefrom.
- H. The amount of such loss or damage or the cost of repairs shall be added to the Member's bill, and if not paid, service to the Member may be discontinued by the Cooperative.
- I. Fire lines shall have a detector meter located on the backflow preventer device, and should not be used unless in case of fire or testing. Fire pumps suctioned directly off water mains should be avoided except in case of emergency.
- J. Commercial fire tanks shall be separately metered.

- K. Requests for fire hydrant placement shall be handled in accordance with Appendix E.

VII. Extensions to Mains and Services

- A. Water distribution lines to serve undeveloped subdivision and commercial sites will be handled as follow:
 - 1. The developer will submit plans and specifications for review and approval by the Cooperative, its engineer, the North Carolina Department of Environmental Quality, Public Water Supply Section, and other regulatory agencies as applicable, including but not limited to building code enforcement, Department of Transportation and such other state and local regulatory agencies as may be required for final approval of such plans and specifications in accordance with Appendix F.
 - 2. Lines will be installed in accordance with the Cooperative-approved design/engineering plans and specifications by a developer's licensed utility contractor.
- B. Other line extensions: extension of water lines within the Cooperative's service areas will be handled as follows:
 - 1. The plans and specifications for the extension of water lines will be submitted for review and approval by the Cooperative, its engineer, the North Carolina Department of Environmental Health and Natural Resources, and such other state and local regulatory agencies as may be required for final approval of such plans and specifications.
 - 2. Lines will be installed in accordance with Cooperative-approved design/engineering plans and specifications by a developer, the contractor or the Cooperative.
 - 3. Lines installed along state-maintained roads for the developer of a project that will result in multiple new Members and installation of taps will be in compliance with the Cooperative's State Road Pay Back Policy on Line Extensions in accordance with Appendix G.
 - 4. Extension of water lines to shopping centers, apartment complexes, permitted mobile home parks, etc. will be reviewed on a case-by-case basis to determine if the Cooperative is able to adequately serve them.
- C. Extension of Water Mains: Water mains may be extended along an existing NCDOT maintained road or rights-of-way contiguous to NCDOT maintained roads or adjacent to roads which qualify for acceptance by NCDOT and to provide a water tap for Members

anticipated to become an active user for a minimum of two (2) years. An appropriate NCDOT right of way encroachment agreement would be required. In determining whether the Cooperative will extend a water main, factors including but not limited to stream crossings, rock, other utilities, concrete/asphalt barriers, will be considered. Cost sharing in the construction of such water main extensions may be required depending upon the factors set forth herein along with the number of new taps anticipated in accordance with Appendix H. The Cooperative will not install water mains along a private right of way or easement pursuant to Appendix I.

VIII. Access to Premises

- A. Duly authorized agents of the Cooperative shall have access at all reasonable hours to the premises of a Member for the purpose of installing, repairing or removing Cooperative property, inspecting piping, reading or testing meters or for any other purpose in connection with the Cooperative's service and facilities. Vehicles shall not be parked on top of meters.
- B. Member agrees to have all streets, alleys, and driveway entrances graded to within six (6) inches of final grade and have final lot lines established before installation or extension of water service begins. Member will be responsible for the cost of moving a meter in order to accommodate renovation or construction which alters such grade in order to comply with this requirement.
- C. Each member shall grant or convey or shall cause to be granted or conveyed to the Cooperative a perpetual easement and right of way across any property owned or controlled by the Member wherever said perpetual easement and right of way is necessary for the Cooperative water facilities and lines, including the ongoing maintenance thereof, so as to be able to furnish service to the Member. In cases where it is reasonably necessary and cost-effective, the Cooperative may use, without payment to the Member, the Member's premises for accessing neighboring property served by the Cooperative.

IX. Change of Occupancy

- A. Notice of not less than three (3) business days shall be given by a Member to separate from service for a change in occupancy.
- B. The outgoing Member shall be responsible for all water consumed up to the time of separation or the time specified for separation, whichever period is longer.

X. Meter Reading-Billing-Collecting

- A. Failure to receive bills or notices shall not prevent such bills from becoming delinquent or relieve the Member from payment obligation.
- B. Meters will be read and bills transmitted as follows: bills are due upon receipt and past due after 15 days of the due date on the bill; however, the Cooperative reserves the right to vary the dates or length of period covered, temporarily or permanently, if necessary or desirable for the operations of the Cooperative.
- C. Bills for water will be calculated in accordance with the Cooperative's published rate schedule then in effect, and will be based on the minimum rate and the amount of water consumed for the period covered by the meter readings.
- D. Charge for service commences when meter is installed and connection made, whether water is actually used or not.
- E. Readings from different meters will not be combined or reduced for billing, regardless of the fact that said meters may be for the same or different premises, or for the same or different Members.
- F. Nonpayment within thirty (30) days from the due date of the bill will result in the water being disconnected without any further notice thereof to such delinquent Member. Upon the payment by the delinquent member of all water charges and applicable sewer charges, and other applicable charges, penalties thereon, and any reconnection charge, such Member shall be entitled to resumption of the water supply. During the time of such suspension of water to a member, such member shall have no right to vote in the affairs of the Cooperative. Such Member's account continues to be billed when disconnected for non-payment.

XI. Separation from Service

- A. When a Member separates from all services and all bills are paid in full, the Membership fee will be refunded.
- B. Upon separation from service for nonpayment of water or sewer bills, the Membership fee will be applied by the Cooperative toward settlement of the account. Any balance will be refunded to the Member; but if the Membership fee is not sufficient to cover the outstanding bill, the Cooperative may proceed to collect the balance as provided by law for the collection of debts.
- C. Services discontinued for nonpayment will be restored upon payment of all charges on all accounts of the Member. If the Membership fee has been applied on the delinquent

charges and accounts, the Member shall pay a Membership fee in addition to all charges on all accounts prior to restoration of services.

- D. The Cooperative reserves the right to separate a Member from its service without notice for the following reasons:
 - 1. Leak on Member's side of water meter
 - 2. To prevent fraud or abuse
 - 3. Member's willful disregard of the Cooperative's rules and regulations or bylaws
 - 4. Emergency repairs
 - 5. Insufficiency of supply due to circumstances beyond the Cooperative's control
 - 6. Direction of public authorities for public health and safety purposes, including but not limited to conservation measures
 - 7. Strike, riot, fire, flood, accident, declared state of emergency, act of terrorism, an event of contamination, or any unavoidable cause
 - 8. Non-payment of water bill and other charges on bill (e.g. sewer, garbage, reconnection fees)
- E. The Cooperative may, in addition to prosecution by law, permanently refuse service to any Member who tampers with a meter or other measuring device.

XII. Disputes/Corrections

- A. If the Member believes their bill to be in error, he/she shall present their claim, to the Cooperative's office before the bill becomes delinquent. Such claim, if made after the bill has become delinquent, shall not be effective in preventing discontinuance of service as heretofore provided. The Member may pay such bill under protest and said payment shall not prejudice their claim.
- B. The Cooperative will make special meter readings at the request and expense of the Member provided, however, if such special reading discloses that the meter was over read and the Member overcharged, no charge will be assessed by Cooperative for such special meter reading.
- C. Meters will be tested at the request of the Member upon payment to the Cooperative of the expense to the Cooperative of conducting the test. Provided, however, if the meter is found to over-register beyond 5 percent (5%) of the correct volume, no testing

charge will be made to the Member. Bill readjustment shall be made in order to correct any such overcharges, however, no adjustments shall be made to bills for service more than 6 months prior.

- D. If the seal of a meter is broken by anyone other than the Cooperative's representative or if the meter fails to register correctly or is stopped for any cause, the Member shall pay an amount estimated from the record of their previous water consumption and/or from other data maintained by the Cooperative.
- E. Members are eligible to make payment arrangements if other similar payment arrangements were not granted to such Member within the previous six (6) months and so long as the Member adhered to all prior agreed-upon payment arrangements.
- F. Members who remain within the Cooperative's Water Loss Protection Plan program have an obligation to notify the Cooperative office should their bill indicate a leak or problem in terms of apparent overcharge.
- G. The Cooperative will make every effort to make timely repairs to yards, pavement, etc. due to damages caused by the Cooperative, its employees or agents.

XIII. Abridgement or Modification of Rules

- A. No promise, agreement or representation of any employee, office or individual director of the Cooperative shall be binding upon the Cooperative except as it shall have been agreed upon in writing, signed and accepted by the acknowledged officers of the Cooperative or by action taken by the full Board of Directors at a duly called or regular meeting.
- B. No modification of rates or any of the rules and regulations shall be made by any agent, employee, officer, or individual director of the Cooperative.

XIV. Adoption of Rules

- A. Until further amendment by the board of directors of this Cooperative, the rules and regulations as the same are hereinabove set out are hereby adopted.