

CAMANO COOPERATIVE WATER AND POWER COMPANY ISLAND COUNTY, WASHINGTON

SERVICE POLICIES AND FEE STRUCTURE

A. DEFINITIONS

“Board of Directors” or “Board” means the elected trustees of the Camano Cooperative Water and Power Company.

“Camano Cooperative Water and Power Company”, hereinafter referred to as the “Cooperative” means a non-government body incorporated in the State of Washington.

“Shareholder” means the current owner of the parcel of land as defined by the Island County Auditor’s parcel number and owner of a share in the Cooperative and as recorded with the Cooperative.

“Shareholder account” means the account maintained by the Cooperative for each Shareholder to which water service is provided by the Cooperative.

“Delinquency penalty” means the penalty established by the Cooperative by resolution.

“Delinquent sum” means any portion of a Shareholder’s account that remains due and unpaid at the end of any payment period.

“Payment period” means a period of time equal to thirty (30) calendar days (Or a prearranged period such as bi-annually, quarterly, etc.) from and after the Cooperative mails bills to the Shareholder reflecting the sum due on the Shareholder’s account for water service provided.

“Shut off” means the discontinuation of service referred to in RCW 57.08.081.

“Water service” or “service” means the supply of potable water from the Cooperative’s system to its Shareholder.

“Water service connection” or “water connection” means the physical installation of the tap, fittings, pipe and other necessary appurtenances required to deliver water from the water main up to and including the meter box, meter setter and/or meter.

B. GENERAL

Service is provided by agreement between the Cooperative and each Shareholder.

The form of agreement consists of the “*Application for Water Service*” to be agreed to by each initial Shareholder or “*Reapplication for Water Service*” to be agreed to by each

new Shareholder for a change of ownership of the parcel of property served. A copy of the terms of the agreements is attached hereto. The Cooperative shall apply these policies equally to all Shareholders.

Until the Cooperative has approval from the WA Department of Health to supply a number of equivalent single-family residential units equal to or greater than the number of platted lots within the service area, an "*Application for Water Service*" shall not be accepted for the purpose of the Shareholder pre-servicing a parcel prior to its sale.

Upon the Cooperative's acceptance of an "*Application for Water Service*", the water rate fees and charges outlined in Section D and Section E, by resolution, hereinafter, shall be billed to the Shareholder.

All lots within the Cooperative's service area without a service connection at the time of formation of the Cooperative are considered single parcels and are entitled to purchase one single-family residential service connection (ERU). Provision of water in a greater amount (than one ERU) is at the sole discretion of the Cooperative.

Water shall not be conveyed by the Shareholder beyond the lot being served without the prior written approval of the Cooperative.

No person shall tamper or interfere with the Cooperative's water system, nor shall any person, except as authorized by the Cooperative, connect to or operate any pipe, valve, meter, hydrant or other part of the water system.

The Cooperative reserves the right to require any Shareholder to install as a condition of receiving or maintaining water service a pressure reducing valve, surge tank, air gap or backflow prevention assembly, or similar devices at any location where the Cooperative determines a need to protect the Cooperative's water system from physical damage or contamination.

The supply of water to any Shareholder is contingent upon:

- 1) The requirement that the Shareholder shall take all measures necessary to prevent the contamination of the plumbing system within his/her premises and the Cooperative's water distribution system that may occur from backflow from a cross connection. These measures shall include the prevention of backflow under any backpressure or back-siphoning condition, including the disruption of supply from the Cooperative's system that may occur by reason of routine system maintenance or during emergency conditions, such as a water main break.
- 2) The Shareholder installing, operating and maintaining at all times his/her plumbing system in compliance with the current edition of the Uniform Plumbing Code as it pertains to the prevention of contamination, prevention of water hammer, and protection from thermal expansion due to a closed system that could occur with the present or future installation of backflow preventers on the Shareholder's service and/or at plumbing fixtures.

The Shareholder shall be responsible to indemnify and hold harmless the Cooperative and its agents and employees for all contamination of the Shareholder's plumbing system or

the Cooperative's water distribution system that results from an unprotected or inadequately protected cross connection within his/her premises. This indemnification shall pertain to all backflow conditions that may arise from the Cooperative's suspension of water supply, recognizing that an air gap separation on the Shareholder's service pipe would otherwise be provided by the Cooperative to supply water to the Shareholder, and the air gap would necessitate the Shareholder providing adequate facilities to collect, store and pump water for his/her premises.

The Cooperative shall not be liable for damages nor will allowances be made for loss of production, sales or service in case of water pressure variations, or revisions to pressure within the system, or in case the operations of the Cooperative's sources of water supply or means of distribution fails or is curtailed, suspended or interfered with, or for any cause reasonably beyond the Cooperative's control. Such pressure variations, failure, curtailment, suspension, interruption or interference shall not be held to constitute a breach of contract on the part of the Cooperative, or in any way affect any liability for payment by the Shareholder for rates, fees and charges due.

The Cooperative shall supply water service at a pressure equal to or greater than the level required by the WA Department of Health. Above this pressure, the Cooperative may alter the pressure supplied to the Shareholder as needed for the efficient design and operation of the water system.

The Cooperative may supply water service at a pressure above 80 psi. Should the Shareholder wish pressure less than that supplied by the Cooperative, the Shareholder shall be responsible for the installation of a pressure-reducing valve on its plumbing system.

The Shareholder shall not install a booster pump within its plumbing system on existing systems, or for additions to existing systems, that are unable to meet the pressure requirements of this section, booster pumps for individual services may be used in the interim until system improvements are made to resolve pressure deficiencies. In this situation, the individual booster pumps shall be under the management and control of the Cooperative per WAC 246-290-230.

These policies apply to all Shareholders within the Cooperative's service area.

C. INSTALLATION, OWNERSHIP AND MAINTENACE RESPONSIBILITIES

The Cooperative shall install the service pipe, meter, and meter box to a new Shareholder.

The Cooperative may delay installation of a service connection until such time as the Shareholder's construction activities will not present a risk of damage to the Cooperative's facilities.

The Cooperative's ownership of the water system starts at the sources of supply and includes all the water treatment, storage, and distribution facilities, and ends at the point of delivery to the Shareholders' water system, which begins at the downstream end of the service connection located on the public right-of-way or Cooperative held easement. The

downstream end of the service connection shall be defined by the downstream connection to the meter setter or meter (where a meter setter is not utilized) inside the Cooperative's meter box. The Shareholder shall be responsible for the installation, maintenance, repair and future replacement of the service pipe from the downstream connection to the meter setter to the connection to the Shareholder's plumbing system consisting of all piping located within the Shareholder's premises.

D. WATER RATES AND CHARGES

The Cooperative's most recent "*Rates Fees and Charges*" established by resolution shall apply.

The quarterly water bill may reflect the following:

- Total water used.
- The "Flat Rate or Meter" charge.
- The "Commodity" charge.
- Miscellaneous fees and charges as described hereinafter.
- All delinquency in the Shareholder's account.
- Applicable tax.

The water connection fee shall be based on the Cooperative's total cost to install a meter, plus a 10% administration overhead charge set forth in Section E. Prior to having a meter installed a property owner must obtain a water share from the Cooperative. The number of water shares that is required is determined by the size of the water meter. One water share is required for a residential 3/4-inch by 5/8-inch meter. As the meter size increases so does the number of water shares required.

The Shareholder with a change in occupancy or application for building permit shall pay in addition to the connection fee, a hook-up expansion fee based on the Cooperative's total cost to install a meter, plus a 10% administration overhead charge set forth in Section E for expansion of service. This would only occur if there was an increase in the size of the meter servicing the shareholder's residence. The Cooperative shall not give a refund for a reduction in service.

Prospective Shareholders shall, at the time of application for service, specify the type of use proposed for the service. A deposit as established in the Cooperative's Rates Fees and Charges schedule is required at the time of application. The Cooperative's approval of a service connection as signified by the issuance to the County of a "Water Availability Form" shall be contingent upon the connection serving the use specified at the time of application.

During the duration of the service, the Cooperative shall have the authority to disapprove changes in use of a service or apply restrictions or conditions to approval of a change of use necessary for proper system operation and protection of the water system from contamination.

Separate service connections may be requested for residential and/or commercial fire sprinkler systems only. This particular type of service does not however require any

additional water shares. The separate fire service connection shall be equipped with a Shareholder installed and Cooperative approved backflow prevention assembly. The connection of the backflow prevention assembly shall be done by an authorized plumber and is the sole responsibility of the Shareholder.

The cost for the installation maintenance, repair and future replacement of the Backflow prevention assembly is the sole responsibility of the Shareholder and the annual testing, inspection, maintenance, repair and future replacement of the assembly shall be in accordance with WAC 246-290-490. For further information on Cross Connection please see section O of the six (6) year plan and Resolution 2013-24.

The Cooperative shall submit the water bill to the Shareholder (owner of the property obtaining water).

E. MISCELLANEOUS FEES, CHARGES AND ASSESSMENTS

An administration charge as established in the Cooperative's Rates Fees and Charges schedule shall be assessed to each bill issued with delinquent fees or charges.

In the event the Cooperative terminates water service as a result of a delinquent billing, the fee for locking out and reinstatement of water service shall be established in the Cooperative's Rates Fees and Charges schedule.

An administration charge as established in the Cooperative's Rates Fees and Charges schedule shall be charged for any NSF checks received by the Cooperative in payment of water bill or other debt owed to the Cooperative. Any entry for payment of the debt shall be reversed in the Cooperative's accounts.

An administration charge as established in the Cooperative's Rates Fees and Charges schedule shall be charged for Shareholder requests to shut-off or turn on service at the meter during normal working hours. The Shareholder shall be billed the after hour rate for service calls outside normal working hours.

The per hour rate for after hour service calls requested by the Shareholder for water meter shut-off or turn-on due to problems on the Shareholder side of the water meter shall be invoiced at the current contracted rate plus the 10% administration overhead charge

After-hours is considered to include:

- Before seven-thirty a.m. and after four-thirty p.m. Monday through Friday
- Weekends and holidays.

The Shareholder may request a replacement of their meter The Shareholder shall be billed a fee based on the Cooperative's total cost to install a meter, plus a 10% administration overhead charge set forth in Section E.

If a meter is unreadable due to any action by the Shareholder, such as but not limited to parking a vehicle over the meter box or encroachment of the Shareholder's landscaping,

the Cooperative shall estimate the amount of the Shareholder's water usage for the billing period based on past billing records. The Shareholder may be billed for this estimated usage plus a ten percent (10%) contingency. Upon reading of the meter, the subsequent billing will be adjusted to reflect the actual usage when the meter was blocked from reading.

The administration overhead charge shall be ten percent (10%) and shall be added to the cost of work done "at cost" on behalf of the Shareholder or others (e.g., other utility), including but not limited to the relocation of services or meter boxes and extension of water mains.

F. BILLING PERIOD, PERIOD OF DELINQUENCY AND TERMINATION OF SERVICE

The Cooperative shall bill Shareholders for water service on a yearly, bi-monthly or quarterly basis as described in the Cooperative's Rate Schedule. The water commodity charge shall be billed bi-monthly or quarterly. The bill shall cover a reading period of approximately two to three months preceding the end of the billing period, except for an initial or final bill to any Shareholder. Each bill shall state the due date.

Payment of water bills and other debts owed to the Cooperative shall be made to the Cooperative's business address only. Delivery of payment shall be made by mail or by courier.

All water billing shall be delinquent if not paid within the pre-agreed period from the date of billing. In the event that a water billing shall become delinquent, the Cooperative shall issue the following notices to the Shareholder:

- 1) The past due notice shall be issued within seven (7) days after a water bill has become delinquent.
- 2) A lock-off reminder, in the form of a door hanger, shall be delivered seven (7) days after the past due notice was sent. The lock-off reminder shall state that the Cooperative may terminate water service on the seventh (7) day following the date of delivery of the door hanger unless payment is received by the prior day.

A water billing shall be considered delinquent if not paid in full when due and owing, including all penalties and interest charges assessed pursuant to Section D and Section E.

Said notices shall be deemed delivered on the date the Cooperative deposits the notice in the U.S. Mail and shall be mailed to the Shareholder at its regular billing address. The Cooperative shall have no obligation to provide notice of delinquency and termination of water service to any person occupying or renting the Shareholder's property. Notwithstanding the aforesaid, the delivery of a shut-off reminder utilizing a door hanger placed on the front door of the dwelling occupying the Shareholder's premises shall constitute additional written notice to the Shareholder issued on the date of delivery.

The Shareholder notified of the pending shutoff of service for delinquency in payment of

a debt owed to the Cooperative may submit a written appeal prior to two (2) working days before the date stated for shutoff of service. The appeal shall be sent by registered mail or by courier service to the Cooperative's business address. The appeal shall set forth the reasons the Shareholder disputing the delinquent billing or state the reasons for requesting additional time to pay the bill. The appeal shall be reviewed and a ruling issued at the next regularly scheduled meeting of the Board. Should the Board's ruling reaffirm the shutoff, water may be shut off without further notice.

After the first notice of pending shutoff of service, the Cooperative may deliver subsequent shut-off notices, or after shutoff of service, a notice that service has been shutoff using a door hanger. Such practice of providing these notifications shall not constitute an obligation on the part of the Cooperative.

For undue hardship for a Shareholder, the Board may extend the period for payment of a delinquent water billing and/or other debts owed to the Cooperative for a period of up to ninety (90) calendar days. With any extension of time for payment, the Shareholder's bill shall accrue interest and other charges pursuant to Section D and Section E unless waived by the Board.

In the event that the Cooperative terminates water service as a result of delinquent billing, water service shall be reinstated at the Cooperative's convenience but not until such time as the delinquent bill plus fees and charges assessed pursuant to Section D and Section E, have been paid in their entirety.

All delinquent billings and costs related to the termination of service, including, but not limited to the removal of water meter, shall become a lien upon the real property served, per *the Cooperative's By-laws* after the Cooperative certifies such delinquency to the County Auditor. The said lien shall be in accordance with and foreclosed in the manner set forth in the Revised Code of Washington. In the event of foreclosure of lien, the person and/or real properties against whom the foreclosure occurs shall pay the Cooperative reasonable attorney's fee and court costs for the foreclosure, as allowed By-law.

The Shareholder acknowledges the right of the Cooperative to discontinue water supply within 72 hours of giving notice, or a lesser period of time if required to protect the public health, in the Cooperative's effort to contain a contaminant or pollutant that is detected in the Shareholder's system.

Without limiting the generality of the foregoing, in lieu of discontinuing water service the Cooperative may install a reduced pressure backflow assembly (RPBA) on its service pipe to provide premises isolation, and recover all of its costs for the installation and subsequent maintenance and repair of the assembly, appurtenances and enclosure from the Shareholder as fees and charges for water. The failure of the Shareholder to pay these fees and charges may result in termination of service in accordance with the Cooperative's water billing policies.

G. SUPPLY TO SUBDIVIDED PROPERTY / EXPANSION OF SERVICE AREA

No service shall be provided to Shareholders outside the service area without the

Cooperative first obtaining:

- A revised Service Area Agreement with Island County.
- WA Department of Ecology approval of a change in water rights to cover the additional area of service, and if necessary, new water rights to supply the additional Shareholders.
- WA Department of Health approval of an update or minor revision to the Cooperative's *Water System Plan*.

No service shall be provided to lots created within the service area by the subdivision of property without the Cooperative first obtaining WA Department of Health approval of an update or minor revision to the Cooperative's *Water System Plan*.

Water shall not be supplied to an adjacent water system (i.e., through a system intertie), except for temporary supply in an emergency, without the Cooperative first obtaining:

- A revised Service Area Agreement with Island County.
- WA Department of Ecology approval of a change in water rights to cover the additional area of service, and if necessary, new water rights to supply the additional Shareholders.
- WA Department of Health approval of an update or minor revision to the Cooperative's *Water System Plan*.

Service shall not be provided to lots outside the service area or additional lots created through subdivision of parcels inside the service area without the Cooperative first establishing the adequacy of supply for the existing vacant lots within the service area. The adequacy of supply for the existing platted lots and proposed additional lots shall be established through the number of connections (ERUs) the WA Department of Health authorizes the Cooperative to supply.

All costs for the expansion of service area or supply of subdivided parcels within the service area shall be borne by the applicant for service to the proposed newly created Shareholders. The costs shall include, but are not limited to the following:

1. Extension of water main(s) to the new Shareholders.
2. Construction of additional or upgrading of existing:
 - a. Source(s) of supply (i.e., wells).
 - b. Reservoir(s).
 - c. Booster pump station(s).
3. Engineering, surveying and legal costs associated with construction of facilities necessary for serving additional connections, including the preparation of project report and water system plan documents.
4. Regulatory agency fees and charges.
5. Applicable administration overhead charges as set forth in Section D and Section E.

The Cooperative (not the applicant for service) shall prepare and make all submissions to regulatory authorities for approval to supply additional Shareholders.

Prior to any review by the Cooperative of a proposed expansion of service area or supply of subdivided parcels, the applicant shall enter into a written agreement to bear the costs noted above. The Shareholder shall pay a deposit to the Cooperative in the amount

estimated by the Cooperative for the review of the application, including the cost of professional fees, and submissions of document to regulatory authorities.

Any cost paid by the applicant to the Cooperative for the review and submission to regulatory authorities shall not be refunded to the applicant should the regulatory approval for the Cooperative be denied or otherwise restricted, or the applicant's project is cancelled, modified or denied by the County or other administrative authority having jurisdiction.

H. SIZE AND LOCATION OF SERVICE AND METER

Water meter and service sizes shall conform to those prescribed by the American Water Works Cooperative in the most current edition of "Sizing Water Service Mains & Meters" (AWWA M22), as published from time to time, with any interpretations of those standards to be made by the Cooperative. Regardless of type or use of service pipe and meter size, the Cooperative has the authority to modify the size of the meter or service pipe throughout the duration of a service. The meter shall be sized based on considerations of volume and rate of water use, fire safety, existing equipment requirements and other relevant criteria.

Unless otherwise approved by the Cooperative, the service pipe shall be installed perpendicular to the water main in the street or Cooperative owned easement.

The service pipe and water meter shall not be installed within the Shareholder's driveway or entrance sidewalk or behind any fencing or landscaping that restricts the Cooperative's reading or maintenance of the meter and/or maintenance of the service pipe.

I. INSTALLATION STANDARDS

Water mains and services shall be installed in accordance with the Cooperative's Standard Plans and Specifications included in the Cooperative's *Water System Plan* approved by the WA Department of Health.

J. USE OF FIRE HYDRANTS

With prior approval of the Cooperative, water for construction may be obtained from designated fire hydrants provided the following equipment is provided and maintained by the applicant for water:

- Water meter of a type approved by the Cooperative.
- Backflow prevention assembly of a type approved by the Cooperative and tested by a WA Department of Health certified backflow assembly tester (BAT) to demonstrate performance of the assembly.

Approval for use of a hydrant for construction water, or other purposes not related to firefighting, shall be at the sole discretion of the Cooperative. Application for water use for construction or any use not related to firefighting shall be made on a form provided

by the Cooperative that sets forth the conditions for Cooperative's approval of the use of the hydrant.

K. WATER CONSERVATION

In response to drought and to emergency conditions or to adhere to general conservation policies, the Cooperative may impose water conservation measures that include, but are not limited to the following:

- Additional water commodity charges (i.e., surcharge for high usage).
- Odd/even day or other lawn water restrictions.
- Ban on lawn watering and washing of vehicles and boats.

Any Shareholder failing to repair leaks within 30 days of receipt of written notification of such leaks, the Cooperative may have the water shut-off or may restrict the flow to the Shareholder by partly closing a service valve, installing a restriction fitting, or other means without further notice until such leak's repaired.

Leaks discovered on vacant homes may be shut-off at the meter immediately and a notice will be hung on the door of the vacant home explaining reason for shut-off. The Cooperative shall not be held responsible for shutting off or failing to shut off a leaking service to a vacant home and/or not notifying a Shareholder of a suspected leak.

L. INCONSISTENT PRIOR POLICIES AND PROCEDURES SUPERSEDED

All existing Cooperative resolutions, policies and procedures are hereby modified, amended and superseded to be in accordance with the policies and procedures set forth above except for the By-Laws of the Cooperative that would have precedence.