

15505 East Whittier Boulevard | P.O. Box 1338 Whittier, California 90603

RULES AND REGULATIONS GOVERNING WATER SERVICE

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CALIFORNIA DOMESTIC WATER COMPANY RULES AND REGULATIONS GOVERNING WATER SERVICE

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# RULE NO. 1 – GENERAL REQUIREMENTS

#### 1.1. MISSION STATEMENT

1.1.1. California Domestic Water Company (Company) works to ensure Shareholders receive a high-quality reliable water supply at a sustainable and reasonable price.

#### 1.2. WATER SERVICE LIMITED TO SHAREHOLDERS

- 1.2.1. The Company incorporated on October 9, 1902 as a mutual water company to provide potable water service. In accordance with its Articles of Incorporation and By-Laws, the Company can only supply and deliver water service to its shareholders, or otherwise as permitted by law.
- 1.2.2. The water service provided, or to be delivered for any purpose, shall be distributed in accordance with the privileges appertaining to each applicable classification of stock as outlined in the Articles of Incorporation and By-Laws of the Company.
- 1.2.3. Shareholders shall coordinate and make all arrangements for water service to be supplied and delivered by the Company pursuant to their respective stock ownership.
- 1.2.4. The Company, throughout its history, has provided domestic retail and wholesale water service to its shareholders. The Company has since transferred its remaining domestic retail service connections to other entities, including the La Habra Utility Authority. The Company continues to provide domestic retail water service to those shareholders through the La Habra Utility Authority pursuant to provisions in agreements with that entity and such service is now governed by the La Habra Utility Authority's rules and regulations. Thus, these Rules and Regulations Governing Water Service are focused on the wholesale water service the Company now provides.

# RULE NO. 2 – DESCRIPTION OF WATER SERVICE

#### 2.1. WHOLESALE WATER SUPPLIER

2.1.1 The Company functions and operates as a wholesale water supplier as classified by the State Water Resources Control Board Division of Drinking Water.

2.1.2 Wholesale water service shall be provided on a continuous demand basis, subject to adjustments based on the Company's access to and availability of water supply resources, operational constraints, emergency conditions, planned system maintenance, and/or any other contingencies limiting the Company's ability to supply and deliver water service.

# 2.2. MEASUREMENT OF QUANTITIES DELIVERED

- 2.2.1. Wholesale water service shall be supplied and delivered to shareholders through a metered service connection connecting the Company's transmission pipelines to the shareholder's distribution system and/or facilities. The shareholder is responsible for the water the Company supplies once that water passes through the meter at that connection.
- 2.2.2. All water delivered shall be measured as to quantity by means of a standard water meter recommended for installation and use by the American Water Works Association Manual of Water Supply Practices. The Company shall coordinate and work with the shareholder to determine the appropriate size and location of any meter to be installed.
- 2.2.3. Installed water meters shall read in a measurement of one hundred cubic feet per unit, or portion thereof, of water registered and delivered. Through the preparation of invoices for water service as described in section 6.1. below, the total amount of water delivered shall be converted to total acre-feet and rounded to the nearest one-hundredth of an acre-foot. The total amount of water delivered shall show in both hundred cubic feet and acre-feet on the monthly invoice for water service.
- 2.2.4. Within twenty-one days after a shareholder receives an invoice from the Company for wholesale water the Company supplies, the shareholder may request in writing that the Company test the meter at the applicable connection. If such a test reveals that quantities of water recorded by the meter fall outside of a range between 95 percent and 105 percent of the actual quantities of water passed through the meter during the test, then the cost of such test shall be paid by the Company and amounts billed to the shareholder for the prior three billing periods will be adjusted based on the results of the meter test. If the meter is found to be registering at or within the parameters set (5 percent of accuracy), then the actual cost of such test shall be paid by the test.
- 2.2.5. In the event any adjustment of a bill is required after a billing error is discovered other than by reason of the results of a meter test, the Company will adjust the shareholder's bills going back twelve (12) months.

#### RULE NO. 3 – WATER RATES AND SERVICE CHARGES SCHEDULE FOR WATER SERVICE

#### 3.1. WATER SERVICE PROVIDED AT COST

3.1.1. The Company is organized and operated as a mutual water company for the purpose of providing wholesale potable water service. In accordance with Public Utilities Code §2705, its Articles of Incorporation and By-Laws, the Company is required to provide water service exclusively to its shareholders at cost, meaning without profit that is distributed. In accordance with Corporations Code Section 14301.3(b), the Company is legally required to maintain financial reserves, and thus its water rates, service charges, and Common Stock assessments provide for revenues that exceed the Company's expenses in order to fund such reserves.

#### 3.2. RATE SCHEDULE FOR WHOLESALE WATER SERVICE

- 3.2.1. A complete Water Rates and Service Charges Schedule applicable to wholesale water service delivered by the Company is appended to these Rules and Regulations Governing Water Service as Attachment 1.
- 3.2.2. Combined revenues from all water rates and service charges listed on the schedule for wholesale water service, along with any Common Stock assessments imposed under section 4.5. below, shall meet the Company's annual operating expenses, planned capital improvement expenditures, necessary reserves, and/or any other proper corporate use for the purpose of providing, supplying, and delivering water service to shareholders.
- 3.2.3. The Board of Directors shall annually review, adopt, and establish the Water Rates and Service Charges schedule for wholesale water service for the year beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>.

#### 3.3. READY-TO-SERVE RATES

- 3.3.1. Ready-to-Serve Rates are monthly service charges assessed to each wholesale shareholder with an active metered service connection with the Company.
- 3.3.2. Amounts established as Ready-to-Serve Rates are equitably determined based upon each wholesale shareholder's historical three year average rolling system demand in order to provide for the recovery of each wholesale shareholder's percentage of marginal delivery costs, including but not limited to water treatment, transmission, and distribution costs.
- 3.3.3. Annual Ready-to-Serve charges shall be calculated based on the average rolling system demand for the prior three years and multiplied by the approved Ready-to-Serve rate established by the Board of Directors. The calculated annual

charges shall then be divided into twelve installments and billed and applied each month for the year beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>.

# 3.4. WATER QUANTITY RATES BY LIFT

- 3.4.1. Water Quantity Rates by Lift are the amounts billed and applied per one hundred cubic feet of water registered and delivered by the Company through an active metered service connection.
- 3.4.2. Water Quantity Rates by Lift are structured based on the additional energy and required pressure needed to safely, reliably, and effectively deliver the water demands of shareholders to the furthest points of the conveyance and transmission pipeline system. There are three lifts, or booster pump stations, in the current rate structure, including Lift 1W, Lift 1E, and Lift 2E. The location of the metered service connection shall determine the Water Quantity Rates by Lift applied to the quantified water delivered by the Company.
- 3.4.3. Water Quantity Rates by Lift are tiered based on shareholder entitlements extended by the Company as a result of the ownership of Common Stock and/or Class A Preferred Stock. Additional details regarding the Water Quantity Rates by Lift specific to Common Stock and/or Class A Preferred Stock are referenced in sections 4.4. and 5.5. below, respectively.

# 3.5. EXCESS WATER CHARGES

- 3.5.1. Sections 4.1. as to Common Stock and 5.2. as to Class A Preferred Stock below, provide for the respective per share water entitlements provided to the Company's shareholders. Shareholders may purchase water deliveries in excess of their annually allocated per share water entitlements, subject to the Company's access to and availability of water supply resources and practical limitations of the water system operation, including but not limited to, transmission pipeline system capacity. No shareholder shall receive delivery of more than three hundred percent (300%) of that shareholder's common stock entitlement as excess water entitlement in any single period from July 1<sup>st</sup> through June 30<sup>th</sup>.
- 3.5.2. Water quantities delivered in excess of a shareholder's annually allocated water entitlements, including both Common Stock and Class A Preferred Stock water entitlements, as of June 30<sup>th</sup> of each year shall be assessed Excess Water Charges. Cyclic storage water<sup>1</sup> purchased by a shareholder and held on account with the

<sup>&</sup>lt;sup>1</sup> Cyclic storage water is governed by the rules and regulations of the judgment issued in the Upper San Gabriel Valley Municipal Water District vs. City of Alhambra, et al case, otherwise known as the Main San Gabriel Basin Judgment.

Company can be used to satisfy any Excess Water Charges incurred by the shareholder as of June 30<sup>th</sup> of each year.

- 3.5.3. Excess Water Charges shall be based on the cost for the Company to solicit and acquire additional water supply resources, including but not limited to, purchase or lease of water production rights in the Main San Gabriel Basin and/or purchase of direct imported water from Upper San Gabriel Valley Municipal Water District, to effectively supply and deliver the water needed to meet shareholder excess water demands.
- 3.5.4. The Board of Directors shall annually review, adopt, and establish the Excess Water Charges for wholesale water service for the year beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>.

#### 3.6. LATE CHARGES FOR DELINQUENT WATER SERVICE BILLINGS

3.6.1. Late charges assessed for delinquent payments of invoices for water service shall be 5% of any unpaid balance, including Ready-to-Serve Rates, Water Quantity Rates by Lift, Excess Water Charges, Common Stock Assessments, Late Charges, and/or Transactional Fees pursuant to section 6.2.6. below.

#### 3.7. TRANSACTIONAL FEES – STOCK TRANSFER AND RETURNED CHECK FEES

- 3.7.1. Transactional fees are applied to cover a portion of the administrative costs incurred by the Company for which service is rendered.
- 3.7.2. The Company shall assess a Stock Transfer Fee of \$25.00 per transaction, payable in advance at the office of the Company, for the transfer of a stock certificate, either Common Stock and/or Class A Preferred Stock, when the shareholder of record sells or otherwise transfers shares of such stock, or, if applicable, any real property to which a share is appurtenant, to a new or different owner.
- 3.7.3. The Company shall assess a Returned Check Fee of 40.00 per check when any such check is returned to the Company as unpaid by the shareholder's bank for any reason.

# RULE NO. 4 – COMMON STOCK OWNERSHIP

#### 4.1. WATER ENTITLEMENT

4.1.1. Each share of Common Stock represents an entitlement to delivery of one-tenth of a miner's inch of water, or 1.4325 acre-feet per share owned, each year beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>, subject to annual review and adjustment pursuant to Section 4.1.2. below based on the Company's access to and

availability of water supply resources. Subject to payment of Excess Water Charges as specified in Section 3.5. above, no shareholder shall receive delivery of more than three hundred percent (300%) of that shareholder's Common Stock entitlement as excess water entitlement in any single period from July 1<sup>st</sup> through June 30<sup>th</sup>.

4.1.2. The Board of Directors shall annually review, adopt, and establish the Common Stock water entitlement rate for wholesale water service for the year beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>.

# 4.2. LEASE OF SHARES OF COMMON STOCK

- 4.2.1. Prior to leasing any shares of Common Stock, a shareholder may contact the Company to confirm the current status of any shares that shareholder may desire to lease. Company staff shall then respond to the requesting shareholder with respect to the current status and water entitlement related to the shares to be leased.
- 4.2.2. Shareholders may lease their shares of Common Stock, and therefore any allocated water entitlement apportioned to each share of Common Stock, at any time during the year beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>.
- 4.2.3. Shareholders may negotiate the terms and provisions of any such leasing agreement with any other Company shareholder or third party; provided, however, that nothing in these Rules and Regulations Governing Water Service, or in any lease agreement memorializing the lease transaction, shall obligate the Company to provide, supply, or deliver water service to any person or entity who is not a shareholder of the Company.
- 4.2.4. Upon execution of a Common Stock lease agreement, the Lessor shall, at a minimum, provide written notification to the Company of the following details to the agreement:
  - Name of person or entity identified as the Lessee to the transaction.
  - Total shares of Common Stock leased to the Lessee.
  - Allocation of water entitlement to be transferred to the Lessee.
- 4.2.5. Once written notification of the Common Stock lease agreement is received and verified by the Company, the appropriate water entitlement shall be processed and transferred on the Company's Shareholder Water Entitlement and Consumption Report included with the monthly invoice for water service for the then current billing cycle.

#### 4.3. ACCOUNTING FOR DELIVERY OF COMMON STOCK WATER ENTITLEMENT

- 4.3.1. For each year beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>, any water delivered shall first be credited against the shareholder's Common Stock water entitlement until such entitlement is exhausted.
- 4.3.2. Any Common Stock water entitlement not used by a shareholder as of June 30<sup>th</sup> of each year shall not result in a credit for any future use. To the extent of such non-use, any remaining allocation of Common Stock water entitlement shall be forfeited as of June 30<sup>th</sup> of each year.
- 4.3.3. Water entitlement transferred to a shareholder as the result of a lease of Common Stock shall be added to the Lessee shareholder's total allocation of Common Stock water entitlement and shall be subject to the same provisions outlined in sections 4.3.1. and 4.3.2. above.

#### 4.4. WATER QUANTITY RATES BY LIFT – COMMON STOCK ENTITLEMENT

- 4.4.1. For each monthly billing cycle, water supplied and delivered in excess of 436 hundred cubic feet, or approximately one acre-foot, shall be subject to the established Water Quantity Rates by Lift Common Stock Entitlement as listed on Attachment 1 to these Rules and Regulations Governing Water Service. This water quantity rate shall apply to any Common Stock water entitlement, including any leased Common Stock water entitlement, until such entitlement is exhausted.
- 4.4.2. Combined with revenues from other water rates, service charges, and Common Stock assessments levied as outlined under Rule No. 3 above and section 4.5. below, respectively, the established Water Quantity Rates by Lift Common Stock Entitlement shall meet the annual operating expenses, including but not limited to, base Common Stock entitlement costs, a percentage of water treatment, transmission, distribution, and general and administrative costs, and Main San Gabriel Basin Watermaster Administrative, In-Lieu, and Resource Development Assessments levied on water pumped from the Main San Gabriel Basin, planned capital improvement expenditures, necessary reserves and/or any other appropriate corporate use for the purpose of providing, supplying, and delivering water service to shareholders.
- 4.4.3. Any water provided, supplied, and delivered under the Water Quantity Rates by Lift Common Stock Entitlement shall not be assessed Excess Water Charges.
- 4.4.4. The Water Quantity Rates by Lift Common Stock Entitlement shall be reviewed, determined, and established annually by the Board of Directors.

#### 4.5. ASSESSMENTS

- 4.5.1. Shares of Common Stock are subject to the levy of assessments as authorized by the Articles of Incorporation and By-Laws of the Company for meeting water system general operating expenses, capital improvement expenditures, necessary reserves, and/or any other appropriate corporate use for the purpose of providing, supplying, and delivering water service to shareholders.
- 4.5.2. Annual Common Stock assessments shall be levied in three installments in the months of April, August, and December, as listed in Attachment 1 to these Rules and Regulations Governing Water Service. Assessments shall be determined and authorized by the Board of Directors, who may change the amount of the assessments at its sole discretion. All assessments shall be levied in accordance with Corporations Code Section 423.

# RULE NO. 5 – CLASS A PREFERRED STOCK OWNERSHIP

# 5.1. WATER RIGHTS OWNERSHIP

5.1.1. A shareholder may directly acquire ownership of water rights, such as prescriptive pumping rights in the Main San Gabriel Basin. If a shareholder acquires ownership of such water rights but is not a party to the court judgment governing the applicable groundwater basin<sup>2</sup> and/or does not have groundwater production facilities in the applicable basin, that shareholder will need to rely on the Company to produce the groundwater represented by those water rights. In that situation, the shareholder may lease such water rights on an annual basis to the Company for the Company to produce and deliver the water supply on the shareholder's behalf. The direct ownership of water rights is subject to the terms and provisions of the court judgment governing the applicable groundwater basin and thus subject to the same provisions applicable to Class A Preferred Stock as outlined in Sections 5.2., 5.3., 5.4., and 5.5. below.

# 5.2. WATER ENTITLEMENT

5.2.1. Each share of Class A Preferred Stock represents an exclusive entitlement to delivery of one acre-foot of water each year beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>, subject to proportionate adjustments in the event the Company's right to exercise any water rights directly associated with the shares of Class A Preferred Stock is limited pursuant to the provisions of any court judgment governing the

<sup>&</sup>lt;sup>2</sup> California Domestic Water Company owns water production and conveyance facilities within the Main San Gabriel Basin, and, therefore, currently produces 100% of its groundwater supply from the Main San Gabriel Basin. As such, the court judgment governing the applicable groundwater basin references the judgment issued in the Upper San Gabriel Valley Municipal Water District vs. City of Alhambra, et al case, otherwise known as the Main San Gabriel Basin Judgment.

applicable groundwater basin, such as the annual Determination of the Operating Safe Yield of the Main San Gabriel Basin Watermaster.

5.2.2. The Board of Directors shall annually review, adopt, and establish the Class A Preferred Stock water entitlement rate for wholesale water service for the year beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>.

# 5.3. LEASE OF SHARES OF CLASS A PREFERRED STOCK

- 5.3.1. Shareholders may lease their shares of Class A Preferred Stock, and therefore any allocated water entitlement apportioned to each share of Class A Preferred Stock, at any time during the year beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>.
- 5.3.2. Shareholders may negotiate the terms and provisions of any such leasing agreement with any other Company shareholder or third party, provided, however, that nothing in these Rules and Regulations Governing Water Service, or in any lease agreement memorializing the lease transaction, shall obligate the Company to provide or deliver water service to any person or entity who is not a shareholder of the Company.
- 5.3.3. Upon execution of a Class A Preferred Stock lease agreement, the Lessor shall, at a minimum, provide written notification to the Company of the following details to the agreement:
  - Name of person or entity identified as the Lessee to the transaction.
  - Total shares of Class A Preferred Stock leased to the Lessee.
  - Allocation of water entitlement to be transferred to the Lessee.
- 5.3.4. Once written notification of the Class A Preferred Stock lease agreement is received and verified by the Company, the appropriate water entitlement shall be processed and transferred on the Company's Shareholder Water Entitlement and Consumption Report included with the monthly invoice for water service for the then current billing cycle.

# 5.4. ACCOUNTING FOR DELIVERY OF CLASS A PREFERRED STOCK WATER ENTITLEMENT

5.4.1. Where any shareholder of Class A Preferred Stock also owns Common Stock, in accordance with section 4.3. above, beginning each July 1st, any water delivered shall first be credited against the shareholder's annual Common Stock water entitlement until such entitlement is exhausted. Following that, additional water deliveries in excess of Common Stock water entitlement shall then be credited

against any Class A Preferred Stock water entitlement until such entitlement is exhausted.

- 5.4.2. Class A Preferred Stock water entitlement not used as of June 30<sup>th</sup> of each year shall result in a carry-over of the proportionate amount of water up to one hundred percent (100%) of any such Class A Preferred Stock water entitlement for future use by the shareholder in the subsequent year beginning on July 1<sup>st</sup>. This provision shall be administered pursuant to the provisions of any court judgment governing the applicable groundwater basin, such as the Carry-Over of Unused Rights provisions of the Main San Gabriel Basin Judgment and Main San Gabriel Basin Watermaster Rules and Regulations. In a subsequent year that includes Carry-Over Class A Preferred Stock water entitlement, water deliveries by the Company shall then be credited against the following entitlements in the order listed until exhausted:
  - Common Stock water entitlement.
  - Carry-Over Class A Preferred Stock water entitlement.
  - Class A Preferred Stock water entitlement for the current year.

Any Carry-Over Class A Preferred Stock water entitlement from the prior year not used as of June 30<sup>th</sup> of the current year shall not result in any further carry-over of the proportionate amount of water for any future use. To the extent of such non-use, any remaining allocation of Carry-Over Class A Preferred Stock water entitlement from that prior year shall be forfeited as of June 30<sup>th</sup> of that current year.

5.4.3. Water entitlement transferred to a shareholder as the result of a lease of Class A Preferred Stock shall be added to the shareholder's total allocation of Class A Preferred stock water entitlement and shall be subject to the same provisions outlined in sections 5.4.1. and 5.4.2. above.

# 5.5. WATER QUANTITY RATES BY LIFT – CLASS A PREFERRED STOCK ENTITLEMENT

5.5.1. For each monthly billing cycle, water supplied and delivered in excess of 436 hundred cubic feet, or approximately one acre-foot, shall be subject to the established Water Quantity Rates by Lift – Class A Preferred Stock Entitlement as listed on Attachment 1 to these Rules and Regulations Governing Water Service once the Common Stock entitlement has been exhausted. This water quantity rate shall apply to any Class A Preferred Stock water entitlement, including any Carry-Over Class A Preferred Stock and/or leased Class A Preferred Stock water entitlement, until such entitlement is exhausted. The water quantity rate shall not apply to any water entitlement forfeited pursuant to section 5.4.2. above.

- 5.5.2. The established Water Quantity Rates by Lift Class A Preferred Stock Entitlement shall represent the costs for the Company to produce, convey, and deliver the Class A Preferred Stock entitlement, including but not limited to, a percentage of water treatment, transmission, and distribution costs and Main San Gabriel Basin Watermaster Administrative, In-Lieu, and Resource Development Assessments levied on water pumped from the Main San Gabriel Basin.
- 5.5.3. Any water produced, conveyed, and delivered under the Water Quantity Rates by Lift – Class A Preferred Stock Entitlement shall not be assessed an Excess Water Charge.
- 5.5.4. Water Quantity Rates by Lift Class A Preferred Stock Entitlement shall be reviewed, determined, and established annually by the Board of Directors.

# 5.6. ANNUAL PASS-THROUGH EXPENSES FOR CLASS A PREFERRED STOCK

- 5.6.1. Shareholders of Class A Preferred Stock shall be assessed and shall be required to pay, as applicable, a pro-rata portion of the expenses incurred by the Company which are attributable to the water rights specifically associated with the ownership of the Class A Preferred Stock.
- 5.6.2. The Company shall annually review and bill on the July invoice for water service any determined Annual Pass-Through Expenses for Class A Preferred Stock incurred for the year beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>.

# RULE NO. 6 - RENDERING AND PAYMENT OF INVOICES FOR WATER SERVICE

# 6.1. RENDERING OF INVOICES FOR WATER SERVICE

- 6.1.1. Metered service connections shall be read at regular monthly intervals as close to the end of the month as operationally feasible for the preparation of invoices for water service. In addition, meters may also be read as required to complete re-reads for billing accuracy, to collect meter reads for newly installed meters, to collect meter reads for processing closing bills, or to collect meter reads for any other operational purpose.
- 6.1.2. Billing cycles for water service shall occur monthly, and invoices for water service shall be prepared, processed, and rendered for payment during the first week of the month following the month the water consumption occurred.
- 6.1.3. Included with the invoice for water service shall be a Shareholder Water Entitlement and Consumption Report showing the following:

- Total annual allocations of water entitlements, including but not limited to, Common Stock, Carry-Over Class A Preferred Stock and Class A Preferred Stock water entitlements.
- Total monthly water delivered and consumed.
- Total annual water delivered and consumed for the year beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>.
- Credits of monthly water delivered and consumed against available allocations of water entitlements in accordance with sections 4.3. and 5.4. above.

#### 6.2. PAYMENT OF INVOICES FOR WATER SERVICE

- 6.2.1. All invoices for water service are due and payable upon presentation.
- 6.2.2. Payments for invoices for water service may be made by check at the following office location:

CALIFORNIA DOMESTIC WATER COMPANY 15505 Whittier Boulevard Whittier, CA 90603

Office hours are Monday through Thursday of each week, excluding observed holidays, from 7:30 AM to 5:00 PM. In addition, the office is open on alternating Fridays, excluding observed holidays, from 7:30 AM to 4:00 PM.

6.2.3. Payments for invoices for water service may be remitted by mail in a check addressed and payable to:

CALIFORNIA DOMESTIC WATER COMPANY P.O. Box 1338 Whittier, CA 90609

- 6.2.4. Payments for invoices for water service may be remitted by Automated Clearing House (ACH) payable to California Domestic Water Company. For necessary information required to process an ACH transaction, please contact the office at (562) 947-3811.
- 6.2.5. Invoices for water service not paid by the end of the month in which payment is due, including any unpaid balance of Ready-to-Serve Rates, Water Quantity Rates by Lift, Excess Water Charges, Common Stock Assessments, Late Charges, and/or Transactional Fees, shall be deemed delinquent and be subject to a 5% late charge on any unpaid balance in accordance with section 3.6.1. above.

6.2.6. If any portion of the invoice for water service remains unpaid as of the 27<sup>th</sup> day of the following month in which payment is due, including any unpaid balance of Ready-to-Serve Rates, Water Quantity Rates by Lift, Excess Water Charges, Common Stock Assessments, Late Charges, and/or Transactional Fees, water service shall be discontinued.

# RULE NO. 7 – ADOPTION AND IMPLEMENTATION

#### 7.1. AUTHORITY OF THE BOARD OF DIRECTORS

- 7.1.1. These Rules and Regulations Governing Water Service may be rescinded, revoked, changed, amended, or supplemented at any time upon formal action of the Board of Directors.
- 7.1.2. The Board of Directors originally adopted these Rules and Regulations Governing Water Service at their meeting held June 7, 2019. Amendments to these Rules and Regulations Governing Water Service were subsequently adopted on XXXX ##, ####.
- 7.1.3. These Rules and Regulations Governing Water Service shall become effective immediately following formal action taken by the Board of Directors and shall remain in effect until such further action is taken by the Board of Directors.

# ATTACHMENT 1 WATER RATES AND SERVICE CHARGES – WHOLESALE

For current water rates and service charges, please visit www.caldomestic.com.