

Rules and Regulations

The District's operations are covered by two documents: BYLAWS and RULES AND REGULATIONS.

The BYLAWS explain that Rural Water District #2 is a public not-for-profit rural water district, what its purpose is, what its corporate powers are, and how the District is to be governed.

The RULES AND REGULATIONS explain how the District will perform the day to day tasks necessary to accomplish its purpose.

The District is composed of owners of land located in the Taylor Ferry Peninsula which is bounded on the north, south, and east by Fort Gibson Lake and on the west by the Oklahoma Department of Wildlife Management Area. The District's source of water is Fort Gibson Lake, and its treatment plant is located just north of Cyclone Hollow.

Basis of Operation

These rules are issued in compliance with the current provisions of the Rural Water District Act of Oklahoma and the BYLAWS, and are designed to govern the supplying and taking of water service in a uniform manner for the benefit of the District and its members, hereinafter referred to as Members. These rules are subject to review by the Board of Directors in May of each calendar year. If a provision of the RULES, including but not limited to the rates as outlined on ATTACHMENT #1, conflicts with a provision of the rate schedule, the provision of the rate schedule will prevail. If a provision of the RULES, including but not limited to the rates as outlined on ATTACHMENT #1 of the RULES, conflicts with a provision of the BYLAWS, the provision of the BYLAWS will prevail. If any portion of these RULES shall be declared invalid by a competent authority, such voidance shall not affect the validity of the remaining portions.

Definitions

Definitions of terms in the document are defined in Exhibit A.

Service, Water Service and Meters

The District will install and pay for all water service pipes (except for private fire protection) from its main lines to the meters on the property abutting the travel way along which its main is installed. All out-of-pocket costs for road crossing for water service pipes or any such pipes or service which would cause a financial burden on the District will be paid for by the applicants. The service pipes shall not be less than 3/4 inch in size. The District will also install and pay for the District cock, meter, and meter box. The meter will be set in front of the premises to be served, or at the closest point to the Member's premises as designated by the District. In the event that there is an application for new service, then the new member will (as a condition of being awarded a Benefit Unit) execute

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a contract that governs the installation of the new meter to insure that the new meter/member shall not adversely impact the existing delivery of services. In the event that it is determined that the new member/meter has a significant impact, the applicant for service shall pay to the District the cost to install the appropriate lines to service the new meter.

Application for Water Service: Application for water service shall be made to a District representative on the District's standard Application for Water Service and Water User's Agreement form. Applications are subject to approval by the Board of Directors.

Applications for Connecting Pipeline: The District may permit a Member to install a Connecting Pipeline from the District's main line to a District meter located at the Member's preferred location provided prior approval has been granted by the District. A Letter of Agreement will be entered into between the District and the Member stating:

- (a) All installation will be supervised by the District;
- (b) All costs and responsibilities associated with the hiring of an independent contractor and the costs of the acquisition and installation of the Connecting Pipeline will be the financial responsibility of the Member;
- (c) The installation of such connecting Pipeline will be the financial responsibility of the Member;
- (d) The Member will be responsible for all maintenance of and repairs to the Connecting Pipeline for a period of five (5) years commencing on the date the District meter is connected to the Connecting Pipeline (the "Initial Period");
- (e) In the event that no leaks occur in the Connecting Pipeline and no repairs have had to be made to the Connecting Pipeline during the Initial Period, the District will assume ownership and maintenance of the Connecting Pipeline if Benefit Owner agrees;
- (f) If any leaks occur or repairs have to be made during the Initial Period, the Connecting Pipeline will remain the sole financial responsibility of the Member;
- (g) The Member will remain liable after the Initial Period for any damages to the Connecting Pipeline, including the cost of repairing the Connecting Pipeline, if the damages are the result of negligence of the Member;
- (h) At all times, both before and after the Initial Period, the Member will be responsible for any portion of pipe on the Member's side of the meter;
- (i) An easement must be deeded to the District with all costs absorbed by the Member/Applicant.

Application for service to facility that has the capacity to house over ten (10) Consumers:

An applicant may request the installation of a meter that will service a multi-tenant/consumer facility. Examples of the multi-tenant/consumer facility would include, but not be limited to a hospital, nursing home, hotel, school, etc. The applicant shall submit building plans certified by a licensed engineer detailing the potential water usage and appropriate waste water treatment facility. Upon review, if approved by the Board, and brought to the attention of the General Membership for questions and/or comments at the next scheduled board meeting after the delivery date of the certified building plans, the applicant shall show the capacity to fund a new supply line from the plant to the storage tower and from the tower to the property line sufficient to accommodate the expected usage. The applicant shall enter into a contract with the District that evidences this

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paragraph, and consents to the provisions of the RULES and BYLAWS. The applicant shall pay for all of the new construction necessary to provide service between the plant/storage tower and the meter (including the cost of the meter). The size of the meter will be determined by the Manager or a competent civil engineer and the monthly cost will be determined by the Board, commensurate with the throughput and the demand on the plant.

Applicants Having Excessive Requirements: In the event an applicant whose water requirements are found to exceed the District's ability to supply it from the existing plant, without adversely affecting service to other Member/Consumers, to an unreasonable extent, the District will not be obligated to render such service unless and until suitable self-liquidating financing is arranged to cover necessary investment in additional plant expansion.

Installation of Water Service: Before installing water service, the Board may require the applicant to pipe the structures to be served in readiness to accept service. Installation is also subject to proof of Oklahoma Health Department of Oklahoma Department of Environmental Quality approval of sewage (waste water) disposal facilities.

Service is for The Sole Use of The Member/Consumer: Water shall not be piped, shared, or sold to a user located on another property beyond the tract to which a Member/Consumer is assigned. The Board may grant relief from this rule to meet a specific emergency. The emergency shall be identified by the Manager and access will not be unreasonably withheld. In the event that the relief is granted, then the Member shall follow up in writing and the relief will only be for the duration of the emergency. If any of the above conditions are not met, benefit unit will be forfeited.

Right of Access: Representatives of the District shall have the right at all reasonable hours to enter upon Member/Consumer's premises to read and test meters, inspect piping, and to perform other duties for the proper maintenance and operation of service, or to remove its meters and equipment upon discontinuance of service to the Member/Consumer.

Continuity of Service: The District will make all reasonable efforts to supply continuous service. However, it shall have the right to interrupt service for the purpose of making repairs, connections, extensions, or for other necessary work. When circumstances permit, effort will be made to notify Member/Consumers who may be affected by such interruptions, but the District will not accept responsibility for losses which might occur due to such necessary interruptions. The District does not accept responsibility for man-made or natural interruptions of service, nor for losses due to storms, strikes, floods, or other causes beyond its control.

Meters: Meters will be furnished, (except as designated in the application for service, to a facility that has the capacity to have over ten (10) consumer), installed, owned, inspected, tested, and kept in proper operating condition by the District, without cost to the Member/Consumer. A complete record of tests and histories of meters will be kept. Meter tests will be made according to the methods of the American Waterworks Association by the District, as often as deemed necessary by its Board of Directors.

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Meter Accuracy: Service meters whose errors do not exceed two percent (2%) fast or slow shall be considered as being within the allowable limits of accuracy for billing purposes. The percentage of error will be considered as that arrived at by taking the average of the error at full load and that at ten percent (10%) load, unless a Member/Consumer's rate of usage is known to be practically constant, in which case the error at such constant will be used.

Meter Location: Meters shall be set in an accessible place on the outside of buildings except where otherwise directed by the District. All meters shall be set horizontally and never connected into a vertical pipe. Meters are set outside of a building in the utility easement, and shall be placed in a meter box furnished and installed by the District.

Request for Meter Test: Meter tests requested by Member/Consumers will be performed without cost to the Member/Consumer if the meter is found to be in excess of two percent (2%) fast. Otherwise the Member/Consumer for whom the requested test was made will be charged as provided in ATTACHMENT #1 which is a part hereof.

Meter Care: The Member/Consumer shall be responsible for any damage to the meter, meter box, lid, or District cock due to any cause other than normal wear and tear, or action of a third party.

Charges and Billing

Rates and Charges: The supplying and taking of water will be in conformance with these rules and the applicable rate schedule and other charges in ATTACHMENT#1; provided however that such rate schedule is subject to change by action of the Members at a General Meeting as defined in the BYLAWS. Further, if at any time the Board determines that the total amount delivered from the collection of water charges is insufficient for the payment of operating cost, emergency repairs, or debt service, the Board shall recommend an increase in the water rates in an amount sufficient to pay such operating costs, emergency repairs, or debt service but only with a majority vote of Participating Members at a General Meeting of Members. Refer to the BYLAWS for additional action required if the Participating Members do not approve the rate increase.

Bills: Bills will be rendered for Service by the 5th day of the month following the month in which the service was rendered as set forth in ATTACHMENT #1. Failure of the District to submit a service bill or the Member/Consumer to receive a bill, shall not excuse the Member/Consumer from their obligation to pay for water used.

Reconnection: Reconnection and restoration of service must have Board approval as provided for in the BYLAWS, and all amounts due, including charges and penalties, as provided for in ATTACHMENT #1, must be paid in full.

Miscellaneous Rules and Regulations

Connections with Private Water Systems: There shall be no physical connection between any private water system and the Water System of the District and approved by the Board.

Representatives of the District shall have the right at all reasonable hours to enter upon Member/Consumer's premises for the purpose of inspection and enforcement of this provision. Violation of this provision shall constitute cause for disconnection of a Member/Consumer's service.

Agreements with Governmental and Public Bodies: The District, through its Board, may make specific water service contracts with the Federal Government, The State of Oklahoma, or agencies thereof, school districts, and municipal corporations, differing from stipulations set out in the rate schedule and RULES.

The Taylor's Ferry Volunteer Fire Department: Because the Fire Department's purpose is to serve and protect the residents of the District, they shall be charged One Dollar (\$1.00) and other good and valuable considerations for their water usage and the monthly meter charges. Although this rate is less than the standard rate, it is appropriate because it is in the public's interest and policy that the rate be adjusted. The Fire Department's account may be prepaid for a period of twenty four (24) months, of desired.

Change of Member: It shall be the Member's responsibility to anticipate changes of ownership, and to have their Benefit Unit transferred to the new Member as prescribed in the BYLAWS. Until the Benefit Unit is formally transferred, the original Member shall be responsible for payment of Service. All charges levied against a Member must be paid before the Benefit Unit can be transferred or Service resumed where there has been a suspension. The transfer charge is provided in ATTACHMENT #1.

Main Extension: In extending a water main to serve an applicant the Board may at its discretion exercise on the following options:

- (a) If the cost of the extension is less than the average cost of the entire system to each Member, and sufficient construction funds are available, the Board may elect to make the extension upon the applicant's purchase of a Benefit Unit.
- (b) If the cost of the extension is greater than the average cost of the entire system to each Member, but funds are available to the extent of such average cost, the Board may elect to contribute to the extension in the amount of such average cost, and require the Applicant to deposit in cash the additional cost in addition to the price of a Benefit Unit. As additional Member/Consumers are connected to the extension, and funds become available, all or part of the Member/Consumer's deposit may be returned to them. Any portion of the Member/Consumer's original deposit remaining after a five year period will become the property of the District. In no case will interest be paid of such deposits.
- (c) In the event that the District does not have funds available to pay for the construction in the amount of the average cost per Member of the entire system, it may require as a condition of extending service that the Applicant deposit, in addition to the price of the Benefit Unit, an amount which may equal the entire cost of the extension. In such an event, the Board may, as funds become available, return to the Member/Consumer that portion of his deposit equal to the average cost of the system per Benefit Unit (meter). No interest will be paid on such deposits.

District Operating Policies and Procedures: Operating policies and procedures are in place to provide for efficient management in the day-to-day operation of the District. The policies and procedures may be amended with the majority vote of the Board at a monthly Board meeting. Approved policies and procedures are maintained by the District's record keeper and include, but are not limited to:

- Purchasing policy
- Employee Salary Schedules for both full-time and part-time employees
- Paid Time Off (PTO) policy for both full-time and part-time employees (includes vacation and sick leave)

Exhibit A -Definitions

The terms or expressions listed below when used herein will have the following meanings:

Allowance: The maximum amount of water provided by the minimum charge.

Applicant: Any individual, firm, partnership, corporation, or other agency owning land located within the District, pursuant to which water service may be supplied or accepted.

Application for Water Service: The standard agreement or contract between the consumer and the District, pursuant to which water service may be supplied and accepted.

Benefit Unit: A right to one water service connection.

Benefit Unit Certificate: The document which gives an approved applicant the privilege to receive water as described in that document.

Board: The Board of Directors of Rural Water District #2, Wagoner County, Oklahoma.

Consumer: Any individual, firm, partnership, corporation, or other agency receiving water from the District's facilities and owning or occupying land located within the District in favor of which one or more Benefit Units have been subscribed and paid for.

District: Rural Water District #2, Wagoner County, Oklahoma.

District Cock: A District owned valve, such as the one installed in the service line between the main and a meter.

Facilities for Supplying Water: The necessary plant, storage, and distribution systems to deliver water from a source to a point of delivery for consumer use.

Main: Any District water supply line.

Master Meter: Any meter that measures the total water use for two or more consumers on the tract to which it is assigned.

Member: The owner of the land served by the Benefit Unit.

Meter: A mechanical device for measuring water flow.

Meter Box or Meter Can: Meter enclosure.

Minimum Charge: A minimum monthly charge set by the Board to be assessed each consumer, regardless of the amount of water used.

Mobile Home Park: Business established by a Benefit Unit owner to serve residents in mobile homes or RVs.

Participating Member: A Member who is present at any General Meeting and eligible to vote on issues presented.

Point Of Delivery: The point of delivery is where the District water is supplied to a meter.

Public Recreation Area: A recreational facility provided by a public agency.

Service: The act of making water available at normal pressure at a point of delivery in readiness for consumer use, regardless of whether the consumer makes use of it.

Service Pipe: A pipe that delivers water from the main to a point of delivery

Super Majority: 60% or more

Tap: A hydrant or spigot provided at each designated Mobile Home, RV, and Camper space in a public recreation area, or Mobile Home Park.

Water Service: District facilities for supplying water to a site for which a Benefit Unit has been purchased.

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ATTACHMENT #1 - Service Rates & Charges Residential Service Rates:

\$43.26	Minimum Charge with 1,000 Gallon Allowance
\$ 9.79	Per 1,000 Gallons or fraction thereof, after the first 1,000 Gallons
\$ 2.00	Increase in addition to the prior rate per 1,000 Gallons or fraction thereof after 10,000 Gallons

Late Charges:

A 5% late charge will be assessed on service bills that are not paid by the 20th of the month in which it is submitted. An additional \$10 late charge will be assessed for failure to pay any balance on the current bill by the 25th of the month there is an outstanding balance.

Disconnection:

Any accounts past due more than 30 days must be paid in full or will result in disconnection of service. An additional extension of 30 days may be granted by the Board for good cause. Request must be written and submitted in person to the Board at the first Board meeting following the date in which the account is 30+ days delinquent. All late fees and charges would still apply and account must be paid in full, (current) prior to any reconnection.

**Annual Rate
Adjustment:**

Unless recommended by the Board and voted on otherwise by the Members at a General Meeting, rates and fees will not be increased or decreased; or as outlined in Article 8 of the BYLAWS.

**Reconnection
Charge:**

If Reconnection is authorized and approved, the following procedures shall apply.

1. There shall be a payment of all charges owed at the time of disconnection plus 6% interest.
2. There shall be payment of the monthly minimum charges which have accrued subsequent to disconnection plus 6% interest.
3. There shall be payment of a charge for reconnection and labor of not less than one hundred fifty dollars (\$150.00).
4. Per the BYLAWS, when a meter has been disconnected, the member shall be notified by certified or registered mail that if reconnection is not made within six (6) months after the disconnection, the

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Benefit Unit shall be regarded as abandoned.

5. In the event that the property is subject to a foreclosure or other legal action, then the past due charges shall be waived. However, the new owner shall have to pay all applicable fees for a new connection.

**Charge for Meter
Test Requested by
Member/Consumer:**

\$35 (if found to be less than two percent (2%) fast).

**Cost of New Benefit
Unit (Donation):**

\$2000 plus acquisition, parts, permits, and any other required costs.

**Charge for Transfer
of Benefit Unit:**

\$100

**Charge for Returned
Checks:**

\$25 First Time Returned.
\$75 Second Time Returned.

**Charge for Copies of
District Documents:**

With the exception of current sitting Board Members and the Plant Manager, all Members can obtain paper copies of district documents at the district office for a charge of \$0.25 per page. Email copies will be provided upon request at no charge.

Tampering Fee:

Any unauthorized usage of the water meter especially while disconnected or what causes any damages.
\$500 First Time Offense with meter disconnected
\$1,000 Second Time Offense
\$2,000 Third Time Offense with a vote of the board

Rate Changes: The responsibility for the rates that are sufficient to provide on-going service plus an appropriate reserve are vested in the Board to review and recommend those changes to the Members. The Participating Members shall vote on any rate changes at a special meeting or as outlined in Article 8 of the BYLAWS.