MAXWELTON SHORES WATER CO.

NAMING RATES FOR

WATER SERVICE

At

OAK HARBOR, ISLAND COUNTY, WASHINGTON

And

CONTAINING RULES AND REGULATIONS

GOVERNING SERVICE

Issued APRIL 14, 2003  Effective MAY 14, 2003

Issued by MAXWELTON SHORES WATER CO.

By ROBERT W. HOSS  Title PRESIDENT

Address 801 SECOND AVE., STE. 315, SEATTLE, WA 98104

Telephone Number 206-363-6996  Fax Number 206-440-0552
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Issued **APRIL 14, 2003**

Effective **MAY 14, 2003**

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By **ROBERT W. HOSS**

Title **PRESIDENT**
MAXWELTON SHORES WATER CO.

WATER SERVICE RULES AND REGULATIONS

Rule 1 - Adoption of Rules of Regulatory Authorities

The rules regulating water service prescribed by the Washington Utilities and Transportation Commission, after this called the Commission, are adopted and by this reference are made a part of this tariff.

Rule 2 - Schedules and Conditions

The schedules and conditions specified in this tariff for water service are subject to change according to the public service laws of the State of Washington. The amount of water furnished is subject to the Department of Health required standards of quantity and quality. All schedules for water service apply to applicants for or customers receiving water service from the utility.

Rule 3 - Application and Agreement for Service

Each prospective customer desiring water service will be required to sign the utility's standard form of application before service is supplied.

An application for service is notice that the prospective customer desires water service from the utility and represents agreement to comply with the utility's rules and regulations on file with the Commission and in effect at the time service is furnished. In the absence of a signed application for water service, the delivery of water by the utility through a standard connection and the taking thereof by the customer will constitute an agreement by and between the utility and the customer for the delivery and acceptance of service under the applicable rate schedule(s) and these rules and regulations.

Issued April 14, 2003

Effective May 14, 2003

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By ROBERT W HOSS Title PRESIDENT
WATER SERVICE RULES AND REGULATIONS

Rule 4 - Definition of Service

Service will be supplied as described in these rules and under the applicable rate schedule(s). Service will be supplied only to those who secure their source of water exclusively from the utility, unless otherwise provided under written contract. Water service will be used only for the purpose specified in the service agreement and applicable rate schedule(s). A customer will not sell or permit others to use such service, unless authorized to do so under written contract with the utility.

The customer will not increase demand or use of service as stated in the application for service without giving prior notice of such increase. In the event of such increase, the customer is required to pay the utility's regularly published rates for the increased service from the date of connection and use of the service.

Whenever the customer wants to permanently discontinue the use of water through any fixtures mentioned in the original application, the customer must cause the fixture to be removed and the branch pipe or service supplying the same to be capped or plugged, and must notify the utility in writing before any reduction in charge will be made.

Rule 5 - Reconnection Charge / Disconnection Visit Charge

A reconnection charge, as specified in Schedule X, will apply for reconnection of the customer's service to the utility's distribution system. Such charge is to apply only in cases where service has been discontinued for non-payment of delinquent account, request of the customer (seasonal reconnection), and refusal to make proper repairs or similar cause. No charge will be made for reconnection of service if the shut-off was made for the convenience of the utility in making repairs, changes, etc.

When a utility employee is dispatched to disconnect service, that person must accept payment of a delinquent account and disconnect visit charge if specified in Schedule X. If amount owing is tendered in cash, utility employee will not be required to dispense change for excess of the amount due and owing. Any excess payment will be credited to the customer's account. The utility will restore service when the cause of discontinuance has been removed and payments of all proper charges due from customer have been made.

Issued April 14, 2003 Effective May 14, 2003

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WATER SERVICE
RULES AND REGULATIONS

Rule 6 - Installation of Service Pipes and Meters

The utility will construct service connections of a proper size from its distribution mains to the customer's property. The utility reserves the right to refuse to construct a service connection to any property if the applicant's pipes are not properly constructed and protected.

Meter Installation (Utility) - The utility may meter any flat rate service at its discretion. The utility's metered service rates will become effective, after the customer has received 30 days' written notice. All meters so placed will be installed and maintained by the utility without direct retrofit cost to the customer.

Meter Installation (Customer Request) - A meter will be installed upon any flat rate service at the request of the customer, provided that the actual cost of the meter and installation is paid by the customer. The amount paid will be reimbursed to the customer, by bill credit, at least ten (10) percent of the meter and installation charge each month until fully paid. All meters will be installed and maintained by the utility without future cost to the customer. The charge and conditions for this service are specified in Schedule 11.

Rule 7 - Distribution Main Extension

Utility Allowance - Where elevation and construction conditions allow and one or more bona fide prospective permanent customers request a main extension, the utility will construct and pay for the same, if the utility has sufficient capacity available to meet Department of Health standards of quantity and quality.

Customer ProRata Share - The cost of main extension in excess of the estimated customer(s) revenue for three years (utility allowance) must be paid by the prospective customers in advance.

Construction Contract - No main extension will be considered as coming under this rule where the total cost of the main extension is greater than the estimated customer(s) revenue for six years. Water main extensions and/or fire hydrants will be installed after contracts have been approved by the Washington Utilities and Transportation Commission pursuant to WAC’s for special contracts for water utilities and distribution extensions.

Issued April 14, 2003
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Rule 8 - Responsibility for, and Maintenance of, Services

The point at which water will be delivered to and received by the customer will be on the property line (Point of Delivery) of the customer’s property at a point designated by the utility. The utility will install its meter or other connection device at the Point of Delivery, except, at its option, the utility may install its meter at some other agreed point on the property of the customer, provided that in such event the property line will nevertheless be deemed the Point of Delivery.

The customer will assume all responsibility after Point of Delivery for water supplied by the utility. The utility will be exempt from all liability for loss or damage caused by leakage or escape of water furnished by the utility, after water has passed the Point of Delivery.

All service pipes and fixtures on the customer’s side of the Point of Delivery shall be provided and must be maintained and protected from freezing at the customer’s expense. Where there are leaking or defective pipes or fixtures, the water may be turned off at the option of the utility until properly repaired. The utility may require any service to be equipped with freeze prevention devises to be used during cold weather conditions instead of permitting water to run continuously from faucets.

Rule 9 - Access to Premises

The utility's regularly authorized agents or employees will have access to the premises of the customer at reasonable hours for meter reading, inspection, connection, disconnection, repair or removal of the utility’s property.

Rule 10 - Interruption to Service

The utility will make a diligent effort to render uninterrupted service and supply of water. In cases where shut-off is necessary for repair, reconstruction, damage prevention or similar cause, the utility will give one day’s advance notice to its customers of such scheduled shut-off. However, the utility will not be responsible for any damage that may result from any cessation of services such as above outlined, nor for failure to give notice of shut-off when circumstances are such that it is impossible to give notice as stated above.

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MAXWELTON SHORES WATER CO.

WATER SERVICE
RULES AND REGULATIONS

Rule 11 – Bills / Late Payment Charge

All bills shall be paid monthly in arrears and are due and payable upon receipt and are considered delinquent no less than fifteen (15) days after the date mailed. Bills will be deemed received upon personal delivery to customer or three (3) days following the deposit of the bill in the United States mail to the customer’s last known address. Where the meter has not been read, a minimum bill will be rendered and adjusted when the next succeeding meter reading is available.

Bills are due and payable upon receipt. Bills are considered late 15 days after the bill mailing date. A Late Payment Charge as specified in Schedule X of the unpaid balance shall be added to each account for each month the bill is unpaid. The late payment charge will not be applied to any disputed amount unless such amount remains unpaid for more than 15 days after the dispute has been resolved.

Rule 12 - Deposits

The utility may require a deposit in situations where a customer’s service has been disconnected for nonpayment of amounts owed to the utility or when a customer is unable to establish or maintain credit with the utility.

The deposit will not be more than an average
  (Pick one of the following methods depending upon how often you bill the customer.)
  two-twelfths of estimated annual billing. (For customers billed monthly)
  three-twelfths of estimated annual billing. (For customers billed bimonthly)
  four-twelfths of estimated annual billing. (For customers billed quarterly)

For each calendar year, interest on deposits will be accrued at the rate for the one-year Treasury Constant Maturity on January 15 of that year. (If January 15 falls on a non-business day, the rate posted on the next following business day will be used). The one-year Treasury Constant Maturity rate is calculated by the U.S. Treasury and published in the Federal Reserve’s Statistical Release H.15. Interest is computed from the time of deposit to the time of refund and is compounded annually.

Deposits, plus any accrued interest, less any amount owed for service rendered, will be refunded to the customer: 1) where the customer has for 12 consecutive months paid for service when due or 2) upon termination of service. In addition, the utility will comply with all provisions of the Commission’s deposit rules, specifically, the WAC on Deposits.

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Rule 13 - Responsibility for Delinquent Accounts

The utility will not refuse or discontinue service to an applicant or customer, who is not in arrears to the utility even though there are unpaid charges due from the premises occupied by the applicant or a customer, due to the unpaid bill of a prior tenant unless there is evidence of intent to defraud.

The utility may not permanently deny service to an applicant because of a prior obligation to the utility.

Issued April 14, 2003 Effective May 14, 2003

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By ROBERT W HOSS Title PRESIDENT
WATER SERVICE
RULES AND REGULATIONS

Rule 14 - Discontinuance of Service

The utility reserves the right to discontinue service to its customers for:

(a) Unpaid bills, as provided for in this tariff.

(b) Water uses for purposes or properties other than those specified in the customer's application for service.

(c) Willful waste of water through improper or defective piping, equipment, or otherwise.

(d) Piping or equipment that does not meet the company's standards or fails to comply with other applicable codes and regulations.

(e) Tampering with the company's property.

(f) Vacating the premises.

(g) Nonpayment of any proper charges, including deposit, as provided in this tariff.

(h) Refusing to allow access as required in commission Rules.

(i) Violating rules, service agreements, or effective tariffs, including violation of outdoor watering instructions given to customers in order to curtail water use during time of shortage.

(j) Use of equipment that detrimentally affects the company's service to its other customers.

(k) Service obtained by fraud.

The right to discontinue service may be exercised whenever and as often as any of the foregoing situations occur, and neither delay nor omission by the utility to enforce this rule any time will be deemed a waiver of its right to discontinue service.

Discontinuance of service by a customer - Customer shall be required to give notice to the utility of their intention to discontinue service.

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Rule 14 - Discontinuance of Service (cont’d)

Required notice prior to disconnecting service: The company must serve a written disconnection notice on the customer, either by mail, or, at the company's option, by personal delivery of the notice to the customer's address, attached to the primary door.

A minimum of eight (8) business days' written notice will be given a customer before service is discontinued, except in the case of danger to life or property. Before disconnecting service, the utility must in addition to the first (1st) notice as described above, provide a second (2nd) notice by on the two options listed below.

1) Delivered notice - The company must deliver a second (2nd) notice to the customer and attach it to the customer's primary door. The notice must contain a deadline for compliance that is no less then twenty-four (24) hours after the of delivery that allows the customer until 5:00 p.m. of the following day to comply, or
2) Mailed notice - The company must mail a second (2nd) notice, which must include a deadline for compliance that is no less than three (3) business days after the date of mailing if mailed from within the state of Washington.

Disconnection notice will expire after ten (10) business days from the first day that the company may disconnect service, unless other mutually agreed upon arrangements have been made and confirmed in writing by the company. If mutually accepted arrangements are not kept, the company may disconnect service without further notice.

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Rule 15 - Sprinkling and Irrigation

Water used for sprinkling and irrigation must be paid for at the regular prescribed tariff rates for
such service. The hours for such use will be as prescribed from time to time by the utility,
subject to protest by any customer effected and reviewed by the Commission. During peak use
months (June through September), and at such other times when demand may be high, the utility
may prohibit or limit sprinkling and irrigation to preserve water for domestic consumption.

No person will use water for sprinkling or irrigation purposes during any fire in the area, and all
sprinkling or irrigation must be stopped immediately when a fire alarm is sounded. Use of water
may be resumed three (3) hours after the fire has been extinguished.

Rule 16 - Rates

Rates for water service and supply are those published in the utility's tariff on file with the
Commission. Unless otherwise stated in this tariff, the rates apply to a single service, to one
customer at one premise. Where two or more families with separate housekeeping
establishments occupy the same or separate dwellings, each family using water is considered a
separate customer. Each separate housekeeping establishment or business, using water service,
will each be considered a customer.

When conditions require that more than one customer be supplied through one meter,
(Accessory Dwelling Units) each customer will be charged the minimum charge as provided by
the schedule of rates. If the consumption as shown by the meter exceeds the allowance for the
minimum charge multiplied by the number of customers, the excess consumption charge will be
computed at the regular rates for one customer and the amount prorated equally to the multiple
customers, or otherwise as may be agreed among themselves.

Water service must be subscribed to on an annual basis. No proration or reduction in billing is
allowed unless this tariff proscribes temporary or seasonal rates.

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WATER SERVICE
RULES AND REGULATIONS

Rule 17 - Account Set-Up Charge/NSF (Non-Sufficient Funds) Charge

An account set-up charge as specified in Schedule X will be made for each new account or change of account responsibility on an existing service. Such charge will be included in the initial billing to the customer. This charge includes the utility dispatching an employee to establish a base meter reading. This account set-up charge does not apply to:

(a) Installation of a new meter.
(b) Temporary or seasonal reconnection.
(c) Owners or agents assuming temporary responsibility for service to vacated premises.

An NSF check charge as specified in Schedule X will be made for handling customer checks that have been returned by the bank as NSF or account closed. This charge will be applied to the next billing to the customer.

Rule 18 - Water Availability Letter Charge

Any prospective customer seeking a water availability letter or certificate of water availability from the utility must first pay the appropriate charge as specified in Schedule X. The water availability letter will include the date issued and the date of expiration. Water availability letters will be valid for no more than one (1) year, or until the expiration of the associated building permit, whichever occurs last.

Rule 19 - Cross Connection Control

The customer shall not permit the plumbing on their premises to be connected to any source of water supply other than the utility's, or to any potential source of contamination, without first obtaining the utility's written permission and meeting the utility's cross connection control criteria. The customer shall assure that effective back-flow prevention measures are implemented to ensure continual protection of the water in the public water distribution system. Any back-flow prevention devise deemed necessary by the utility to prevent entry of contaminants shall be installed at the customer's expense.

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By ROBERT W HOSS  Title PRESIDENT
## SERVICE AREA

### Water System List:

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**Effective** May 14, 2003

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By **ROBERT W HOSS**  
Title **PRESIDENT**
MAXWELTON SHORES WATER CO.

SCHEDULE NO. 2
METERED RATE SERVICE

Available

Within the limits of all Water Service Areas and at utility’s option and capability to maintain Department of Health standards of quantity and quality.

Applicable

Applicable to domestic residential customers served by the utility on a metered basis.

Conditions

The charge for this service is not subject to cancellation or reduction for seasonal or temporary periods. This charge will be the monthly minimum bill for this class of service.

Monthly Rates

Each connection or customer

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<td>First Zero to 6000 Gallons</td>
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<td>Each Additional 1000 Gallons or Portion thereof</td>
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Title PRESIDENT

Effective May 14, 2003
### SCHEDULE X

#### ANCILLARY CHARGES

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<tr>
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