

NORTH BLAINE WATER CORPORATION POLICIES, STANDARDS, RULES AND REGULATIONS

North Blaine Water Corp. shall be referred to herein as NBW to the extent that any existing policies, standards, rules and regulations are in conflict with the following, the policies, standards, rules and regulations stated below shall control.

1.0 Definition of Terms

Rationale:

Policies, procedures and operational guidelines have value only to the extent that they improve communication within an organization and ensure a fair and consistent means for doing business. That is possible only when the terms that are unique to the particular organization are well defined and clearly articulated so that they can be understood by all parties. To that end, the following definitions will describe the meaning of the terms used in various communications submitted by NBW.

Definition:

1. **MBW's Manager:** The person employed by NBW to manage the business and operations in accordance with the job description approved by the Board.

2. **Applicant:** Any individual, firm, partnership, corporation or other entity or agency owning/leasing/renting/utilizing land that needs water service and applying for water service and has signed an application or service contract with NBW which has also been approved and signed by the Board. Applicant is bound by these rules and regulations as a condition to receiving services (including but not limited to water service) from NBW. The term Applicant shall also mean Member, as the term Member (capitalized or not capitalized) is used in these policies, standards, rules and regulations. The term Consumer (capitalized or not capitalized) used herein shall also mean Member provided said Consumer has signed a service contract with NBW that has also been signed and approved by the Board. These policies, standards, rules and regulations are deemed incorporated into each and every application and/or water service contract as if fully restated therein.

3. **Benefit Unit:** "Benefit Unit" as used in these policies, standards, rules and regulations means a contractual right governed by a fully completed and signed service application and service contract signed by the

Applicant and approved and signed by the Board, to one service connection to NBW's facilities and to participate in the affairs of NBW. Such right shall entitle the Applicant to one water service connection (meter). Benefit Units and entitlement to the contractual rights of a Benefit Unit holder (e.g. the right to vote, serve on the Board and/or participate in meetings etc.) are only available to Members as that term is defined in these policies, standards, rules and regulations. A Member shall have only one vote in the affairs of NBW, regardless of the number of applications/service contracts held by said Member directly or indirectly.

4. The Board of Directors shall be comprised as provided for in NBW's Bylaws.
5. Consumer: Any individual, firm, partnership, corporation or agency receiving water from NBW's facilities.
6. Point of Delivery: The point of delivery will be at the meter.
7. Service: The availability for use by consumers, water compliant with Oklahoma State law and applicable Federal law. Service shall be considered available when NBW maintains the water supply at a pressure at or above that which is mandated by Oklahoma state law at the point of delivery, regardless of whether or not the consumer makes use of water made available by NBW.
8. Water Service and Water Users' Agreement: The arrangement or contract between the consumer and NBW, pursuant to which water service is made available, supplied and/or accepted.
9. Water Service: Water service shall consist of the facilities for supplying water to one residence or pasture tap. A consumer must purchase water service for each discrete residence or pasture tap. Dual connections are prohibited (i.e. water service received through a single meter by more than one dwelling).
10. Residence: A single family dwelling with necessary and usual non-residential outbuilding for farming or related small business adjacent to the dwelling.
11. Pasture Meter: A meter, to provide water service to remote outbuildings or pastures.

2.0 District Operating Procedures

Rationale:

It is the intent of the Board to operate in a manner that protects both the consumer and NBW from unexpected problems and misunderstandings. The following operating procedures will guide employees of NBW and members of the Board to fairly and equitably carry out their responsibilities to the consumers and members (Benefit Unit holders) of NBW.

Operating Procedures:

1. **Service for Sole Use of the Consumer:** A standard water service connection is for the sole use of the consumer and does not permit the extension of pipes to transfer water from one property to another nor to share, resell, or sub-meter water to any other consumer without the express written approval by the Board. If an emergency or specific situation should make such an arrangement advisable, it shall be done only on specific written permission of the Board for the duration of the emergency.
2. **Right of Access:** Representatives, Employees or Board Members of NBW shall have the right at all reasonable hours (reasonableness shall be determined at the sole discretion of the Board or NBW Manager) to enter upon consumers' premises to test any control valve/meter, inspect piping, and to perform other duties for the proper maintenance and operation of service, or to remove service equipment and shut off water upon discontinuance of service to consumer.
3. **Continuity of Service:** NBW will make reasonable efforts to supply continuous uninterrupted service. However, NBW shall have the right to interrupt service for the purpose of making repairs, connections, extension, or for other necessary work, ***including but not limited to reducing or terminating excessive consumption or use of water. What comprises excessive consumption or use shall be determined at the sole and exclusive discretion and determination of the Board.*** Efforts will be made to notify consumers who may be affected by such interruptions, but NBW will not accept responsibility for losses which might occur due to such necessary interruptions.
4. **District Liability Limit:** NBW does not accept responsibility for losses which might occur due to interruption of service caused by storms, strikes, floods or other any other causes beyond its reasonable control. NBW liability is limited to that permitted by the Oklahoma Tort

Claims Act or limits of its insurance coverage whichever is less.

5. Water Meters:

- a. Meter ownership and installation: Meters will be furnished, installed, owned, inspected, tested and kept in proper operating condition by NBW. The meters are the property of the NBW. A reasonably complete record of tests and histories of meters will be kept by NBW. Meter tests will be made according to methods as adopted by the Board. The District may assess each consumer with the cost of such meters, testing, inspections or other work performed by NBW.
- b. Meter accuracy: Meters will be checked at various points in times, as specified by the Board. 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 consumer's rate of usage is known to be practically constant, in which case the error at such constant use will be used.
- c. Meter locations: Meters will be set in meter wells or vaults on the property of the member, at a location accessible to the meter reader without interference of any kind (e.g. meter must be accessible without the need to cross fences, gates and without the need to deter animals). It is the duty of each member to provide reasonable access to the meter for NBW and a reasonable working area.

6. Services: Ownership of all NBW mains, meters, meter settings, valves, pumps, towers, and other property or equipment shall remain in/with NBW at all times. NBW is not responsible for leaks, repairs, maintenance, or water loss, occurring in the consumer's side of the meter. NBW accepts no responsibility to monitor the consumer's system on the consumer's side of the meter for leaks or other malfunctions.

7. Required meter tests: Meter tests requested by consumers will be performed at no cost to the consumer if the meter is found to be in excess of two percent (2%) fast. Otherwise, the consumer for whom the requested test was made will be charged for and must pay for the reasonable cost of making the test.

8. Consumer's responsibility: The consumer shall be responsible for any damage to service equipment installed by NBW for the consumer's service, on account of any cause other than normal wear and tear.
9. Change of occupancy: It shall be the consumer's responsibility to anticipate change of occupancy, and to have the consumer's water supply unit(s) (and/or Benefit Unit) transferred to the new consumer as prescribed in the ByLaws and/or these rules and regulations. Until service and/or the Benefit Unit is formally transferred the original holder shall be responsible for payment for service. All charges levied against a Benefit Unit must be paid before the Benefit Unit will be transferred, or service resumed where there has been a suspension. All Benefit Unit transfers are subject to Board approval and subject to additional terms and conditions imposed by the Board on the transferee, at the Board's discretion.
10. Excessive requirements: In the event an applicant or existing customer whose water requirements are found to exceed NBW's reasonable ability to supply it from existing plant or source of supply without adversely affecting service to other consumers to an unreasonable extent determined in the sole discretion of the Board, NBW will not be obligated to render such service or continue to render such service, unless and until suitable self-liquidating financing is arranged to cover the necessary investment to additional plant or source of supply. All such self-liquidating financing, and any other system improvements required to provide service, shall be paid for by the applicant, Benefit Unit owner or customer whose water requirements or needs or consumption are excessive as determined by the Board in its sole discretion and/or which adversely affects flow and pressure to other customers as determined by the Board in its sole discretion. The Board is authorized to implement measures, to restrict the water flow to any customer to prevent/preclude the excessive consumption of water as determined by the Board in its sole discretion.
11. Connection with private water system: There shall be no physical connection between any private water system and the water system of NBW without the express written authorization of the Board. Representatives or Employees of the District shall have the right, at all reasonable hours, to enter upon the consumer's premises for the purpose of inspection and enforcement of this provision. Violation of this provision shall constitute cause for immediate disconnection of a consumer's service without notice. Approved backflow prevention devices will be mandatory as and where determined by the Board.

5.0 Application for Water Service

Rationale:

Clearly articulated, well understood application procedures, which are consistently administered will ensure that applications for water service, and the contracts which govern those services, are handled in a fair and equitable manner for all potential customers. It is essential that both the representatives of NBW and potential customers have a clear understanding about applications procedures, time-lines and contract terms.

Application for Service:

1. Filing Application – Application for service shall be made to the Business Office of NBW. Applications for service will be submitted for consideration by the Board of Directors at its next regular meeting.
2. Engineering Profile Required – The Board will request staff to secure an engineering profile on each application prior to consideration of the application for water service.
3. Action of Board – The Board will make a decision about each application and communicate its decision to the applicant following Board action. The Board has the authority to:
 - approve the application, in which case the applicant will be given an approximate date for meter acquisition and start date of service;
 - deny the application for any cause determined at the discretion of the Board where service is neither legal nor feasible; or
 - delay action, to a specified future meeting when it is necessary to gather additional information.
4. Agreements – If the application is approved by the Board, the applicant will purchase a Benefit Unit for each water service approved (or contract for service if such service connection is outside the boundaries of NBW), and sign the Standard Application for Water Service and Water User’s Agreement for an indefinite period for an indefinite period.

5. Preparation for Service – before installation of a service extension and providing water available for use, the Board may require the applicant to pipe his/her home or business and be in readiness to accept service.

6.0 Consumer Charges

Rationale:

The District is a nonprofit organization which has the responsibility to:

- Provide a consistent supply of water to its consumers;
- Make a commitment to long range development of the physical water facility or source of supply; and
- Do both in a way to reasonably ensure fiscal solvency for NBW.

The Board therefore shall assess the water rates and service charges which allow NBW to function within those guidelines. Both rates and service charges are subject to change, by action of the Board, from time to time.

Rates:

1. The Board shall set and amend rates as necessary for the payment of operating costs, emergency repairs, debt service, long range development, improvements, maintenance of a reasonable reserve and other related costs. Rates shall factor in, the level of service that is requested or utilized by any consumer, which shall include factoring in the water consumption anticipated or used, and factor in the burden any particular consumer may place on NBW's delivery system.
2. Water meters will be read as specified by the Board and statements will be sent to consumers at periods adopted by the Board.
3. Water users shall remit payments for billed services not later than the 15th day of each month in the month in which a bill is generated and mailed/sent, as set forth in the water rate schedule. Water not paid for by the 15th of the month shall be subject to a late charge to be uniformly established by the Board for all delinquent members. The late charge may take into account the time spent by NBW to deal with delinquent accounts.
4. Failure to pay for water, after it is used, by the first day of the month

following the month in which the payment is due or any violation of these rules and regulations by the consumer shall result in discontinuation of the service at the direction and discretion of the Manager. (Emergency termination of service may be made without any prior notice if continuation of such service represents any risk, danger or hazard to the District's system or water delivered by NBW to others, or represents excessive use/consumption of water as determined in the sole discretion of the Board.)

5. The reconnection charge for restoration of service after each suspension/termination of service because of delinquent payment or other infraction/violation of NBW rules, regulations or by-laws, shall be the unpaid amount charged to date against the consumer's Benefit Unit (or contract for service), plus a Twenty-five percent (25 %) (of the amount due) charge, and \$ 50.00 (reconnection charge). The consumer and/or Benefit Unit owner stipulates and agrees that these charges are reasonable and do not constitute a penalty.
6. The District, acting through its Board of Directors, may make specific water service contracts with the Federal Government, the State of Oklahoma or agencies thereof, school Districts and/or municipal corporations, and businesses differing from stipulations set out in the rate schedule and rules.
7. Should NBW's service operator be requested to make repeated service calls the calls will be billed at the rate specified by the Board. If not specified the rate is \$100 per hour.

Cost of Benefit Units and Other Services:

1. Benefit Unit – The cost of a Benefit Unit shall be determined annually (or more often as needed) by the Board. Such costs shall be adjusted when necessary to reflect costs of expansion, all improvements, main replacements, inflation, financing, construction and other costs.
2. Main Extension – If it is necessary to extend a water main to serve an applicant, the Board shall request the applicant to pay all costs of the line extension, in addition to the cost of the Benefit Unit prior to meter installation. Any exception to this policy must be approved by the Board. A main extension may be required at any time, should an existing Benefit User or customer require or need water service which the Board has determined as being excessive or whose consumption has an adverse effect on other residential or business customers of NBW.

3. Line Extension – Line extensions must meet the line specifications that have been approved by the Board

3.0 Employment Procedures

Rationale:

Employment practices are written to ensure that competent, well qualified employees are recruited, selected and retained to maintain a high-quality water system and meet the needs of the patrons of NBW. It is important to establish qualification and procedures that accomplish that purpose.

Procedure:

1. Board Responsibility – The District Board will:
 - Adopt procedures for the recruitment, selection, employment and evaluation of employees.
 - Approve the employment of, and the employment agreement terms for each employee.
 - Require that the Manager evaluate each employee annually.

2. Recruitment - The Manager will:
 - Place a classified ad, seeking qualified applicants for each vacancy, in local newspapers and/or online employment websites.
 - Develop and compile appropriate application forms for review by the Board.
 - Ensure that all vacancy advertisements and application forms will contain the statement of Equal Opportunity Employer.

3. Selection – The Manager will:
 - Review the applications and report to the Board. The Board and Manager will identify those applicants who shall be interviewed for the position

- Establish criteria for selection and develop structured questions to each person interviewed.
- Contact persons to be interviewed and set up an interview schedule.
- Call or visit with references and/or former employers of each applicant to be interviewed.

4. Employment – The Manager will:

- Issue a contract mutually agreed upon by the Board and the new employee.
- Collect and record necessary information such as social security number.
- Assign sick leave days and vacation and administer other agreed upon benefits.
- Process for payroll the deductions/reductions that the employee has chosen or are required by statute.
- Compute monthly salary where possible.
- Generate all documents such as the W-2 form as required by federal and state law.

5. Evaluation – The Manager will:

- Develop an evaluation process and have the process approved by the Board
- Evaluate each employee for six (6) months during the first year of employment and no less often than once each year thereafter
- Submit each evaluation to the Board in writing or verbally at a Board meeting (and/or within an executive session Board meeting if so required by the Board and applicable law).
- Base each evaluation on the employee's ability to fulfill his/her job description

4.0 Purchasing Procedures

Rationale:

The purchasing procedure for NBW will ensure:

- Board and employee accountability to patrons/members of NBW.
- Continuous supply of materials and equipment to support NBW with minimum inventory but adequate to meet needs and generate economic advantage (economies of scale).
- Minimal duplication, waste and obsolescence of material and equipment.
- Acquisition of materials and equipment at the lowest cost consistent with required quality and service; and
- Maintenance of maximum efficiency at all times.
- All expenditures shall be in compliance with the Oklahoma Public Competitive Bidding Act where applicable.

Procedures:

The following guidelines will direct the purchasing and bidding procedures of NBW. The Board retains authority for final approval of all purchases.

1. Payment of Bills – Bills will be recommended for payment by the Manager and approved by the Board. Each check must bear two signatures. Those eligible to sign checks shall be specified by the Board at any regular meeting of the Board.
2. Bidding – The purchase of any item or collection of items, estimated to equal or exceed \$25,000 shall be submitted for written bids. NBW Manager shall insure that any bidding process is in strict compliance with the Oklahoma Public Competitive Bidding Act ("Act") in effect at the time of the purchase. Items of less value (below that specified by the Board above or the Act whichever amount is lower) will be submitted for informal bids when it is reasonably prudent to do so.
 - a. NBW Manager, or his/her designee, shall secure a minimum of three bids, when possible for Board consideration.

- b. The Board will accept the lowest bid which meets designated specifications and can demonstrate acceptable performance. The Board may exercise its discretion in selecting a bid that is greater than the lowest bid, in the sole judgment of the Board.
- 4. NBW Manager Authorized to Pay Certain Bills – Shall be authorized to pay the following bills without Board approval.
 - a. Utilities
 - b. The purchase of materials reasonably needed for emergency repairs.
 - c. Recurring bills that have been pre-approved by the Board.
- 5. Work Orders – Written work orders for contract labor, shall be completed and submitted to the Manager for approval prior to work which requires commitment of funds other than contracted employee salaries. Exception: Emergency situations may arise in which it is prudent for an employee, using his/her own good judgment, to complete a work order without prior approval.