

PETE'S MOUNTAIN WATER COMPANY RULES AND REGULATIONS

These Rules and Regulations set forth the policies and procedures of the Company and have been established and shall be enforced in accordance with the Articles of Incorporation and Bylaws of the Company. Words defined in the Bylaws of the Company or herein shall have the meaning ascribed therein unless otherwise required in accordance with the context of this document.

1. Definitions:

Company: Pete's Mountain Water Company, an Oregon nonprofit company.

Late Payment Fee: A Late Payment Fee will be added to any amount owed by a Member that is not paid within ten (10) days of its due date.

Member: A person or an entity who has applied for and has been accepted as a Member of the Company. All those who are customers of the water system at the time of its acquisition by the Company shall be entitled to become a Member during the open enrollment period upon application and payment of prescribed assessments and fees.

Member Assessments: With the payment of the Membership Assessments, a Member shall become a pro rata owner of the Company's water system and shall be entitled to service from the system.

Initial Membership Fee: The payment required to become a Member may include an initial cash payment (or if approved, a deferred cash payment) to fund a working capital and operating fund.

Monthly Fee: In addition to the monthly water bill, a monthly loan repayment fee may be assessed primarily to pay off the loan secured to purchase the system and fund its upgrade and improvements.

Reconnection Fee: A charge imposed to reconnect water service which has been stopped by the Company or at the request of the Member.

Special Assessment: A charge to cover an unplanned, major expense.

System Development Charge: A charge made to an applicant seeking membership and service after December 31, 2017. The amount of the System Development Charge shall be set by the Board of Directors at the time a user applies for membership and may take into account previous system equipment and facilities acquisitions and improvements and/or reduction in acquisition debt. The System Development Charge shall be paid prior to connection to the water system. The System Development Charge does not include the actual cost of connecting the new service to the existing water system. Such costs will be assessed in addition to the Systems Development Charge.

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Transfer Fee: A fee charged to a new owner of a property already being served by the Company, who desires to become a Member by transfer from the previous owner.

Water Service Rates: The monthly fees for Member access to and actual water usage.

2. Establishing the schedule of Assessments, Fees and Charges: The schedule of assessments, fees and charges will be set by the Company and reviewed at least annually. The schedule will be posted on the Company's website and available upon request. As a member-owned not-for-profit company, fees will be set to support and maintain the system and provide for reasonable reserves, but not to make a profit. Should the Board of Directors conclude the Company is accumulating funds in excess of its financial needs, fees will be reduced or rebates will be made to Members.
3. Late Payment Charges: Amounts not paid when due are subject to a Late Payment Fee. If any amounts are not paid within 60 days of its due date, the Member's water service may be stopped. If amounts owing are not paid in full (or alternative payment arrangements made with the Company) within 90 days following written notice delivered to the Member by registered mail to the address provided to the Company, the Member's membership may be terminated and all fees and assessments previously paid forfeited .
4. Tampering with Service Connection: No Member is authorized to access or tamper with any of the Company's facilities, including the water meter and shut-off valve serving his or her property, except to turn off service at their meter for their convenience or in the event of an emergency. Tampering subjects the Member to the loss of membership and the permanent cessation of water service. The Member shall also be responsible for all damages.
5. Service Interruption/Reconnection Fee: Water service may be turned off at the election of the Member or by the Company in the event the Member is delinquent more than 60 days in the payment of any fees or assessments, or the Member otherwise fails to comply with these Rules and Regulations. Upon payment of all outstanding fees and assessments (or alternative arrangements acceptable to the Company), and assuming the Member's membership has not been forfeited as provided by these Rules and Regulations or the Bylaws, water service will be restored upon payment of the Reconnection Fee.
6. Limitation on Use of Water:

In accordance with Oregon Water Resources Department permit for the Pete's Mountain Water Company wells, water is provided to Members for domestic water use only, which includes irrigation of no more than 1/2 acre of land. This limited-use restriction includes any area irrigated by any exempt private well that may be on or servicing the property. After written notice by the Company, any use in excess of these limitations and in violation of

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Oregon Administrative Rules subjects the Member to termination of water service and forfeiture of their membership.

Members also shall comply with any water usage restrictions that may be imposed by law or by the Company to address a water shortage, water safety or potential damage to the water system or its aquifer.

As soon as practical, all water meters will be limited to a one-inch diameter meter service unless an exception is granted by the Company. The Company may impose additional fees as a condition for granting the exception.

No Member shall provide water to any location other than the property owned by the Member and included in the Company's service area, or to any person or entity who is not a Member.

7. Change of Ownership and Transfer of Membership:

Should a new owner desire to continue water service from the Company when a property is sold or changes hands, it is the intent of the Company to facilitate the transfer of water service and membership in the Company to the new owner. A Member may not transfer their membership without the consent of the Company. The current Member's membership will not be transferred to the new owners unless all outstanding Assessments, Fees and Charges are current, the Transfer Fee is paid and the new owner has applied for and been accepted as a Member.

8. Fire Hydrants: Fire hydrants installed on the Company's water mains are for use only by fire department officials and only as an ancillary water source in the event of an emergency. The Company makes no commitment or promise that the system is capable of supplying sufficient water for fire suppression or that the hydrants will continue to be maintained in working order.

9. Oregon Health Authority and Oregon Public Utility Commission Jurisdictions: The Company is a member-owned not-for-profit company; therefore, its rates will not be regulated by the Oregon Public Utility Commission (except under certain circumstances). However, the Company must continue to comply with the service rules and regulations adopted by the Oregon Public Utility Commission and with the water quality and the cross connection and backflow prevention programs administered by the Oregon Health Authority. The Company has adopted its program which can be found on the Company's web site or available from the Company. All Members must have installed at their own expense and maintain cross connection backflow devices compliant with law.

Adopted effective January 1, 2018