

**RESTATED RULES, RATES AND REGULATIONS
FOR THE OPERATION OF THE
NORTH MORGAN WATER COOPERATIVE**
(Effective as of March 15, 2022)

BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE NORTH MORGAN WATER COOPERATIVE, AS FOLLOWS:

SECTION 1. Application for Service:

Water services shall be furnished only to Cooperative members who execute and submit an application and water user's agreement to the Secretary of the Cooperative upon a form supplied by the Cooperative.

SECTION 2. Initial and Minimum Charges Whether Water Used or Not:

The rates as shown in the rate schedule in Section 8 shall be paid by each customer who has signed a User's Contract, beginning at the time the Cooperative makes the service available to the customer.

The minimum rate will be paid by those customers not using the service even though they may not be connected to the system, provided the service is available from the Cooperative.

For prospective customers that will be part of a new construction phase, there shall be a \$250.00 tap-on fee for service to each property in which an application and water user's agreement is submitted prior to the established cutoff date set by the Cooperative prior to construction.

For new customers along existing water mains or for customers that submitted the user's contract after the established cutoff date for a new construction phase, there shall be a tap-on fee of \$2,250.00. In addition, if the installation of the customer meter will require crossing a railroad, federal highway, or state highway, the tap-on fee will be increased by the additional cost of crossing the highway or railroad. Also, if the customer meter is larger than 1 inch, the tap-on fee will be increased by the additional cost of installing the larger meter and appurtenances.

In addition to the above charges, a \$100.00 deposit shall be required for each user who leases or rents a residence at the service location. The deposit shall be returned to the user without interest upon termination of water service once all charges and fees for that user are paid.

SECTION 3. Cooperative's Responsibility and Liability:

A. Ownership, Installation, and Maintenance. The Cooperative shall install, own and maintain the complete water system, water mains, and service lines to the

property lines or the meter pit, whichever is closer to the water main, or a mutually agreed upon point subject to the Board of Directors determination that a particular service is economically feasible to install. The Cooperative shall furnish, install, and maintain a meter and appurtenances including a shutoff valve. The shutoff valve shall be installed in the meter pit. The meter may be located near the shutoff valve or within the user's premises as determined by the Cooperative's representative. The meter and shutoff valve must be located at a point where it is readily accessible to the Cooperative.

B. Refusal of Service. The Cooperative may at any time refuse additional service(s) to any applicant if in the judgment of the Board of Directors the capacity of the system will not permit such use or in the judgment of the Board of Directors it is not feasible for the Cooperative to provide the service.

C. Liability. All water service supplied by the Cooperative shall be upon the express condition that the Cooperative shall not be liable nor shall any claim be made against it for damages or injury caused by reason of shutting off of water for repair, relocation, or expansion of any part of the system, or failure of any part of the system or for concentration of water for such purposes as fire-fighting or restricted use of water.

D. Use of Water on User's Premises. The Cooperative shall reserve the right to use the water from the user's facilities at any time deemed necessary. No charge shall be made by the user for the use of his facilities and no charge shall be made by the Cooperative for the water used by the Cooperative.

SECTION 4. User Responsibility For:

A. Installing and Maintaining Service Lines. The user shall be responsible for installation and maintenance of service lines between the customer's meter pit and the residence or business. Such service lines must be at least 1 inch in diameter, and must be installed at a minimum depth of 4 feet. Service lines must have a minimum working pressure rating of 160 psi at 73.4 F and must be constructed of one of the following types of materials: copper (type K), polyvinyl chloride (PVC), polyethylene or polybutylene. Service lines must not be covered until they are inspected and approved by a duly authorized Cooperative representative. The user will not connect any service line or any plumbing connected with the service line to any other water source. The service line must meet all requirements of the State of Illinois, Environmental Protection Agency, and any applicable local governmental unit.

B. Provisions for Location of Meter. The user shall permit the meter to be located upon his property.

C. Thermal Expansion Relief Device. The user shall be responsible for the installation and maintenance of a thermal expansion relief device. The device must be one that is recognized in the plumbing trade for this type of application, such as a pressure relief valve, surge tank, etc. The installation of the device shall be in accordance with the Illinois Plumbing Code, latest edition.

D. Easements. The user shall give to the Cooperative such easements and rights-of-way as are necessary and allow access for the purposes of construction, repair maintenance, meter reading, relocation, or expansion of the water system. The necessity shall be determined by the Board of Directors.

E. Damage to Cooperative Property or Unauthorized Use of Water. No user may:

1. tamper, adjust, damage, or in any manner interfere with the components or operation of the water system owned by the Cooperative;
2. use water from the Cooperative's system without authorization; or
3. use water that bypasses the customer's meter.

The shutoff valve for the customer meter shall be opened only by a duly authorized representative of the Cooperative. Penalty for violation of this section shall be set by the Board of Directors and shall be a minimum of \$100 payable to the Cooperative and may include termination of water service. If the penalty is not paid within 30 days after the amount is determined, the Cooperative shall discontinue the water service.

In addition to the penalty, the user responsible shall reimburse the Cooperative for the actual cost of repairing any damage arising from the user's act and shall reimburse the Cooperative for any water that was lost or not metered. Users shall report any known evidence of tampering, adjusting, damaging, or interference with the operation of the system owned by the Cooperative to the President of the Board of Directors. Any malicious act or damage to the system that is not appropriately covered by the foregoing shall be prosecuted through a court of law.

F. Specified Uses of Water. Water purchased from the Cooperative may be used for ordinary domestic, commercial, or farm use upon the premises of the user provided:

1. No user shall resell or permit the resale of water purchased from the Cooperative.

2. Each dwelling, apartment, business or farm located outside and separate from the single family living unit is a separate unit. The user must make application for service for each unit, and each unit shall have a separate cutoff valve, meter and service line, and the user shall pay the minimum monthly rate and other rates and fees herein established for each unit.

3. No user may use water purchased from the Cooperative for industrial, manufacturing or commercial purposes, without the express written permission of the Cooperative, other than for industrial, manufacturing, or commercial purposes that existed as of March 25, 2004.

4. No user may use water purchased from the Cooperative for field irrigation purposes without the express written permission of the Cooperative.

5. No user may use water purchased from the Cooperative for any livestock operation that houses more than 1,000 animal units, or expands by more than 1,000 animal units, without the express written permission of the Cooperative, other than for such livestock operations that existed as of March 25, 2004.

For purposes of this section the following definitions apply:

Dwelling: Single family living unit.

Apartment: Single family living unit that may be an individual living unit or part of a multiple family living complex.

Business: Business outside and separate from a single-family living unit.

Farm: consists of one single family dwelling and all related farm enterprises served by that meter and service line.

G. Cross-Connections.

1. Definitions. For the purposes of this subsection the following definitions shall apply:

(a) "Backflow" shall mean water of questionable quality, wastes or other contaminants entering a public water supply system due to a reversal of flow.

(b) "Cross-Connection" shall mean a connection or arrangement of piping or appurtenances through which a backflow could occur.

(c) "Safe Air Gap" shall mean the minimum distance of a water inlet or opening above the maximum high water level or overflow rim in a fixture, device or container to which public water is furnished which shall be at least two times the inside diameter of the water inlet pipe; but shall not be less than 1 inch and need not be more than 12 inches.

(d) "Secondary Water Supply" shall mean a water supply system maintained in addition to a public water supply, including but not limited to water systems from ground or surface sources not meeting the requirements of Act Number 98 of the Public Acts of 1913, as amended, being Sections 325.201 to 325.214 of the Compiled Laws of 1948, or water from a public water supply which in any way has been treated, processed or exposed to any possible contaminant or stored in other than an approved storage facility.

(e) "Submerged Inlet" shall mean a water pipe or extension thereto from a public water supply terminating in a tank, vessel, fixture or appliance which may contain water of questionable quality, waste or other contaminant and which is unprotected against backflow.

(f) "Water Utility" shall mean the Cooperative.

2. Cross-Connections Prohibited. Cross-connections of public water supply systems and any other water supply system or source including, but not limited to the following, are prohibited:

(a) Between a public water supply system and a secondary water supply.

(b) By submerged inlet.

(c) Between a lawn sprinkling system and the public water supply system.

(d) Between a public water supply system and piping which contain sanitary waste or a chemical contaminant.

(e) Between a public water supply system and piping immersed in a tank or vessel, which may contain a contaminant.

(f) Cross-Connection Control Program. The water utility shall develop a comprehensive control program for the elimination and prevention of all cross-connections and removal of all existing cross-connections and prevention of all future cross-connections.

3. Corrections and Protection Devices. Any user of the Cooperative's water shall obtain written approval from the Cooperative of any proposed corrective action or protective device before using or installing it. The total time allowed for completion of the necessary corrections shall be contingent upon the degree of hazard involved and include the time required to obtain and install equipment. If the cross-connection has not been removed within the time as hereinafter specified, the Cooperative shall have the right to physically separate the water system from the on-site piping system in such manner that the two systems cannot be connected by any unauthorized person.

4. Piping Identification. When a secondary water source is used in addition to the water supply, exposed water utility water and secondary water piping shall be identified by distinguishing colors or tags and so maintained that each pipe may be traced readily in its entirety, it will be necessary to protect the Cooperative's water supply at the service connection in a manner acceptable to the Cooperative.

5. Private Water Storage Tanks. A private water storage tank supplied from the Cooperative's system shall be deemed a secondary water supply unless it is designed and approved for portable water usage.

6. Inspection. The Cooperative or any representative thereof shall have the authority to inspect any premises at any reasonable time to determine the presence of any existing cross-connection and to order the elimination of such cross-connection.

7. Discontinuance of Water Service. The Cooperative shall discontinue water service after a reasonable notice to any person owning any property where a cross-connection in violation of this Code exists or where the user refuses to allow an inspection to determine the presence of a cross-connection. The Cooperative may take such other precautionary measures as necessary to eliminate any danger of the contamination of the Cooperative's water supply system. Water service to such property shall not be restored until such cross-connection has been eliminated to the satisfaction of the Cooperative.

H. Insurance for Water Loss: The cooperative may offer, or make available to its members from a third party, insurance that will pay part, or all, of the cost of water that is lost due to leaks within the waterlines and plumbing devices owned by the member. If such insurance is offered or made available by the cooperative, members that are tenants and do not own the property where water service is requested from the cooperative must participate in such insurance as a condition of receiving water service from the cooperative.

SECTION 5. Extension of Mains:

A. Determination of Who Pays Expense of Extension. The Board of Directors shall first determine if an extension of water main is economically feasible based on the estimated cost of the extension and the number of existing and potential users that will use water along the extension. If the extension is economically feasible then the Cooperative may install and pay the cost of the extension at the discretion of the Board of Directors. If the Cooperative elects not to pay the cost of extending the water main, then the person or persons desiring water service may install the extension at their own personal expense upon written consent from the Board of Directors.

B. Requirements if Extension is Installed by Someone Other than the Cooperative.

1. The Cooperative must approve all plans and specifications for any extensions.

2. Before any extensions are installed, the plans and specifications must be reviewed and approved by the State of Illinois, Environmental Protection Agency, the Illinois Historical Preservation Agency, the Illinois Department of Agriculture, and any

other federal, state, or local governmental body having jurisdiction over public water supply lines at the time that the extension is installed.

3. Ownership, rights-of-way and title must be conveyed to the Cooperative for all extensions installed by anyone other than the Cooperative. The person(s) installing the extension shall be responsible for maintenance of the main for one year after the date of acceptance by the Cooperative. The Cooperative will maintain the mains thereafter.

4. No extension will be permitted if in the opinion of the board of Directors the system does not have the necessary capacity to serve the proposed extension.

SECTION 6. Change in Occupancy:

A. Notice to Cooperative. Any user requesting a termination of service shall give written notice to the Cooperative 10 days prior to the time such termination of service is desired. The meter shall be read by the Cooperative and the user will be billed.

B. Responsibility for Payment of Services Already Consumed. Responsibility for payment for water consumed prior to the date of termination shall be with the property owners as well as the user.

C. Charges for Change. There shall be no charge for transferring the water service to the subsequent user.

SECTION 7. Payment of Bills:

A. Date Due and Meter Reading. The meters will be read by the Cooperative on or near the 15th day of each month. If weather conditions or other circumstances beyond the control of the Cooperative prevent the reading of meters then each water bill will be estimated by the Cooperative. Bills will be mailed by the Cooperative to each customer and will be delinquent if not paid by the 10th day of the following month. Bills will be paid to the Treasurer of the Cooperative or his designated representative.

B. Penalties for Late Payment. There will be a 10 percent penalty added to each bill that is unpaid after the due date. If any bills remain unpaid 30 days after mailing, the water supply to the property affected will be shut off by the Cooperative and the service will not be restored until the delinquency and penalty is paid in full. In addition, a \$100.00 service fee will be added to cover the cost of restoring service. If service is disconnected for at least 60 days, then an additional fee will be assessed equal to the monthly minimum bill for the number of months that the water service is disconnected or \$1,000.00, whichever is less. Bills remaining unpaid 30 days after the due date shall constitute a lien upon the real estate to which the service has been rendered. The Secretary is hereby authorized and directed to file a notice of such lien in the office of the

County Clerk of the county in which the real estate lies, and to pursue such legal action as is necessary to collect the delinquent charges.

SECTION 8. Rate Schedule:

A. The following shall be the rates for water supplied by the Cooperative:

1. Standard Rate (for all customers other than Temporary Commercial Users):

The minimum monthly bill will be as follows:

$\frac{3}{4}$ inch, or 1 inch outlet meter - \$37.00

1 $\frac{1}{2}$ inch outlet meter - \$58.00

The minimum monthly bill will be payable irrespective of use.

The monthly bill will be computed on the following rate schedule:

First 1,000 gallons per month (minimum):

- \$37.00 ($\frac{3}{4}$ or 1 inch outlet meter); or
- \$58.00 (1 $\frac{1}{2}$ inch outlet meter)

All over 1,000 gallons per month - \$8.00 per 1,000 gallons

B. The adequacy of the water service charge shall be reviewed, not less often than annually, by the Board of Directors of the Cooperative. The water service charges shall be revised periodically to reflect a change in local capital costs and operation, maintenance, and repair costs.

C. If a customer has an accidental water leak and requests an adjustment to the water rate for the lost water, the Cooperative may approve a special rate for the lost water as follows:

1. The customer requesting the special rate for the lost water must submit a written request to the Cooperative.

2. A customer may not request a special rate for water lost due to a leak more than one billing month in any twelve-month period.

3. Upon receiving a written request from a customer, the directors of the cooperative may reduce the rate for water lost by that customer due to leaks to an amount that is equal to the wholesale water cost paid by the Cooperative for the month of the leak.

SECTION 9. Revenues.

All revenues and monies derived from the operation of the water system shall be deposited in the Cooperative's general account not more than 10 days after receipt of the same, or at such more frequent intervals as may from time to time be directed by the President and Board of Directors. All such revenues and monies shall be held by the Cooperative's Treasurer, or his agent, separate and apart from the Treasurer's private funds and separate and apart from all other funds of the Cooperative. The Cooperative's Treasurer, or his agent, shall receive all such revenues from the water system and all other funds and monies incident to the operation of such system and deposit the same in the account designated as the "General Account of the North Morgan Water Cooperative." The Cooperative's Treasurer shall administer this fund in every respect in the manner provided by statute.

SECTION 10. Accounts.

The Cooperative's Treasurer shall establish a proper system of accounts and shall keep proper books, records, and account in which complete and correct entries shall be made of all transactions relative to the water system, and at regular annual intervals the Treasurer shall cause to be made an audit by an independent auditor of the books to show the receipts and disbursements of the water system.

In addition to the customary operating statements, the annual audit report shall also reflect the revenues and operating expenses of the water facilities, including a replacement cost. The financial information to be shown in the audit report shall include the following:

- A. Flow data showing total gallons received at the water plant for the current fiscal year.
- B. Billing data to show total number of gallons billed per fiscal year.
- C. Debt service for the next succeeding fiscal year.
- D. Number of users connected to the system.
- E. Number of non-metered users.

SECTION 11. Access to Records.

The U.S. Department of Agriculture or its authorized representative shall have access to any books, documents, papers, and records of the Cooperative which are applicable to the Cooperative's system of user charges for the purpose of making audit, examination, excerpts, and transcriptions thereof to insure compliance with the terms of any Loan agreement between the North Morgan Water Cooperative and the USDA.

SECTION 12. Appeals.

The method for computation of rates and service charges established for user charges in Section 8 shall be made available to a user within 10 business days of receipt of a written request for such. Any disagreement over the method used, or in the computation thereof, shall be remedied by the Cooperative Treasurer within 30 days after notification of a formal written appeal outlining the discrepancies.

SECTION 13: Request by Customer to have Water Service Discontinued:

If a customer of the Cooperative requests that his or her water service be terminated and that he or she be relieved from the obligation to pay the minimum monthly charge otherwise required by the cooperative's rate schedule, such request shall be submitted in writing to the board of directors for the Cooperative and shall be approved or denied based on the following:

A. No request for disconnection and discontinuation of charges to a customer shall be approved if, in the discretion of the board of directors, this will have a material financial impact on the ability of the cooperative to meet its existing and anticipated obligations, including, but not limited to, its debt service obligations to USDA-RD.

B. In the discretion of the board of directors, approval of the request may be conditioned upon payment by the customer for the cost of removal of the customer meter, meter pit, and associated items, if the cooperative determines that there will be a risk of damage to the cooperative system if the items are left in place.

C. Any property that is disconnected pursuant to request of a customer shall be required to pay the cooperative's new connection fee, if service is requested to be re-established for that property at a later date.

Effective as of March 15, 2022.

Secretary's Certification

I, Dana McLain, hereby certify that the foregoing is a true and complete copy of the Rules, Rates, and Regulations last amended by the Board of Directors of the North Morgan Water Coop on March 15, 2022.

Dana McLain

Dana McLain, Secretary
North Morgan Water Coop