

HARKERS ISLAND SANITARY DISTRICT
SERVICE RULES AND REGULATIONS

REVISED 6-20-17: Re-defines District's Impact Fee as Capacity Use Fee

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1. Application for service

- A. Applications for service can be made by phone or in person at the District offices. A non-refundable connect fee as listed in the Schedule of Charges is charged at the time of application, in addition to any other fees as required by the District's Service Rules and Regulations.
- B. The District may reject any application for service not available under a standard rate or which involves excessive service cost, or which may affect the supply of service to other customers or for other good and sufficient reasons in which case the connect fee will be refunded.
- C. The District may reject any application for service when the applicant is delinquent in payment of bills incurred for service previously supplied at any location.
- D. 1. Where required the tap-on fee, capacity use fee, and meter installation fee, as listed in the Schedule of Charges, must be paid in advance before the installation of service. New and planned developments, (e.g., subdivisions, mobile home parks, campground/recreational vehicle parks, marinas) must pay all required fees upon the earlier of (a) contract award by the District to a contractor to extend a water main to the project, or (b) connection of the project, or any part thereof, to the District's water system, or (c) other arrangements as defined in paragraph 1.D.2.c. below.

2. Capacity Use Fees

a. Definition.

Capacity Use Fee. An equitable charge by the District to each person or entity connecting to the District's water system to recoup a proportionate share of the District's previous capital investment in its water system. The capacity use fee is part of the District's charges for the exact benefits derived by new customers and assists in providing the District with sufficient funds for the maintenance, adequate depreciation and operation of the District's water system, as well as the retiring of the District's current or future bonds, if any.

b. Capacity Use Fee Schedule

(1.) The capacity use fee schedule is in the District's Schedule of Charges and is subject to change from time to time as determined by the District's board.

(2.) Reductions in capacity use fees will not be applied retroactively; however, if the board has agreed to allow a developer to pay capacity use fees over time, and the developer is not in default on his agreement with the district, if the capacity use fee is reduced the remaining balance due for the unpaid capacity use fees will be recalculated based on the reduction and the developer will receive the benefit of the reduced capacity use fees for lots or units not actually previously paid for. On the effective date of any capacity use fee reduction, the amount of capacity use fees for the development actually paid in good funds (not by promissory note or other installment means) will be determined and applied to the number of lots assessed capacity use fees under the previous schedule. The reduced capacity use fee will then be applied to the remaining lots or units.

(3.) Increases in capacity use fees will not be applied to developments that have applied for district water service and have been approved for water service by the district even if the district has approved payment of the capacity use fees over time, as long as the developer does not default on his agreement to pay the capacity use fees under the previous rates.

c. Personal Obligation and Charge on Land

A capacity use fee is both a charge on the land of the development, in the nature of a lien, and the personal obligation of the land owner until paid in full. As a rule, the capacity use fee must be paid in advance before service lines or mains are connected to the District's water mains. For developments that will have multiple living and other units, the District may approve other payment arrangements to allow capacity use fees to be paid on a schedule as

described in a development agreement over a specified period of time not to exceed thirty-six months. Such agreement will be described in a written document and the agreement generally must be secured to the District's satisfaction with sufficient collateral or personal guarantees to minimize the risk to the District and assure payment of fees. The District may grant authority to negotiate terms for payment of fees to a designee. An agreement for the payment of capacity use fees over time will not become binding until reviewed and approved by the District's board. However, notwithstanding approval of a development agreement, and approval of time payment of capacity use fees and collateral or guarantees, the capacity use fees will continue as a charge on the land, and subsequent owners of the land must pay any balance of capacity use fees to receive, or continue to receive, District water service in the event the original developer/owner or subsequent developer/owner defaults.

d. Changes in Use of Property

1. In the event of a change in use of property for which capacity use fees have been previously paid, the following will apply:
 - a. New capacity use fees for the new use will be calculated according to the current fee schedule for the use and credit for previous capacity use fees for the property will be determined and given.
 - i. The amount of credit will be determined based only on capacity use fees actually paid for a previous use on the land (and not what was charged for a use when there remains a balance due).
 - ii. In the event of a reduction in the capacity use fee rates, in determining fee credits for change-of-use projects where a balance is due on the original development, the number of lots or units for which capacity use fees were actually paid at the rates then in effect will be determined, and capacity use fees only for that number of lots or units will be deemed paid. The reduction in capacity use fees will not be applied retroactively. For example assume a developer proposes a 30 lot single family subdivision at a time when capacity use fees are \$5,000.00 per lot. The total due for capacity use fees would then be \$150,000.00. Assume the developer pays \$50,000.00 for 10 lots and, with approval of the district, agrees to pay the \$100,000.00 balance for the remaining 20 lots over three years. Also assume the District during the three years reduces the capacity use fee per lot to \$3,000.00. Further assume the developer then decides to convert the entire project to a 120 space RV park and that the per space capacity use fee is 1/4 of a single family subdivision lot. Based on these assumptions the developer's fee credits will be determined as follows. The original \$50,000.00 payment will be deemed to cover only 40 "new" RV spaces. ($\$5,000 \div 4 = \$1,250$ per RV lot. $\$50,000 \div \$1,250 = 40$. Thus 40 of the new RV spaces are given fee credits. However the remaining 80 RV spaces will be assessed capacity use fees at the reduced rate (of \$750.00 per RV space). The developer will owe \$60,000.00 in capacity use fees for these additional 80 spaces ($\$750 \times 80 = \$60,000.00$).
 - b. The property owner/developer will be obligated to pay any additional capacity use fees caused by a change of use.
 - c. Neither the current, previous, or subsequent owner/developer will receive a refund in the event the change of use reduces the number of units within a development.
2. In the event of a change in use of property which is connected to District water, but which was connected so long in the past that the amount of capacity use fees paid cannot be determined, for purposes of fee credit calculations, it will be deemed that the capacity use fee rate is the amount in the District's current fee schedule for a single family home and such rate will be in the formula to determine the equivalent rate for other uses.

3. Should a property be subject to a change of use and re-development, if a fee previously designated "impact fee" was paid for the previous development on the property, per Section 1.D.2.d of the District's "Service Rules and Regulations," the owner liable for the capacity use fee at the time of re-development shall be entitled to a credit against the capacity use fee for the previous impact fee payment for the property.

e. Capacity Use Fees for Abandoned Uses

In the event development on a property was previously connected to the District's water system at a time when no capacity use fees were charged and the development has been abandoned for five years as of the date of the application for water service, new or renewed development on that property will not receive a capacity use fee credit and full capacity use fees for the new or renewed development will be charged.

f. Increase in the Number of Units on a Property

In the event the number of units on a property is to be increased, new capacity use fees for the additional units will be calculated and charged at the current rates.

g. No Refunds

Neither the current, previous, nor subsequent owner/developer will receive a refund of capacity use fees paid in the event of a change in the use of property that would have resulted in lower capacity use fees, or for a reduction of the number of units on a property, or abandonment of use of property, or change of ownership of property.

h. Disconnection from Multiple Service and New Connection.

If one service connection has been used for multiple units and one or more units are taken off the previous connection and a new connection is requested or required for such unit or units, a new capacity use fee will be charged for such new connection without credit for a previous capacity use fee unless it is demonstrated that a previous capacity use fee was assessed and paid to fully cover the unit or units now making a new connection.

E. Requests to relocate a residential water meter will be reviewed by a staking technician. The customer will pay a meter relocation fee as listed in the Schedule of Charges provided the relocation does not require a new tap into the main line, and provided the meter is being relocated within 20 feet of its original placement.

F. All fees as listed in the Schedule of Charges shall remain in effect until modified by the District. The District may, by resolution, modify for a limited period of time tap-on fees in areas of new main line service or line extensions to encourage tap-on.

2. Service Security Deposits

A. Residential Services

Satisfactory arrangements must be made regarding a service security deposit before connecting water service to a residence, apartment, condominium, mobile home, travel trailer, or any other unit or building used primarily for living quarters. The Schedule of Charges and service location history will be used to determine the maximum amount of the deposit. This deposit is in addition to the required connect fee, and any other fees as required by the District's Service Rules and Regulations.

The service security deposit may be waived if the customer desiring water service furnishes one of the following:

1. A satisfactory credit report from another utility (electric or water) which has furnished electric or water service to the applicant for the most recent twelve-month period, a satisfactory report

from a nationally recognized credit reporting agency, or a previously satisfactory payment history with the District.

2. Proof of payment for the most recent 12-month period on an established account with the District maintaining an "A" credit rating.
3. Recommendation by the District's designee that the deposit be waived. The District designates and grants the authority to waive or reduce a deposit to the Chief Executive Officer/General Manager of Carteret-Craven Electric Cooperative and his or her designee.

When it is determined that a service security deposit is not needed to assure payment of bills and a deposit is not collected prior to service connection or has been refunded, the customer must continue the timely payment of monthly bills. Should the account be disconnected for non-payment, the customer may be required to furnish a service security deposit in the amount as required by this policy.

B. Other Than Residential

Satisfactory arrangements must be made regarding a service security deposit before connecting any service. Other deposit requirements may be set on the basis of a written contract, or when the District determines that a higher deposit is necessary due to extraordinary circumstances. See the Schedule of Charges for the amount of the deposit.

In determining the need for service security deposits, and in fixing the amount of such deposits, the District will give careful consideration to the following factors:

1. Type of service requested or required.
2. Risks involved in a new or continuing enterprise.
3. Proposed use of facilities.
4. Credit rating of applicant as determined by at least two written credit reports furnished by other utilities, banks, suppliers, credit reporting agencies, and others who have previously furnished credit to the applicant.
5. Recommendation by the District's designee that the deposit be waived. The District designates and grants the authority to waive or reduce a deposit to the Chief Executive Officer/General Manager of Carteret-Craven Electric Cooperative and his or her designee.

When it is determined that a service security deposit is not needed to assure payment of bills and a deposit is not collected prior to service connection, or if the deposit has been refunded, the customer must make timely payment of monthly bills. Should the account be disconnected for non-payment, the customer may be required to pay a service security deposit in the amount as required by this policy.

Service security deposits shall not be required for service to any public authority such as Federal, State, County, and Municipal bodies provided that the service is used exclusively by the public authority.

C. Refunding of Deposits

A service security deposit will be refunded under the following conditions:

1. After a period of 36 consecutive months of service during which the customer has established satisfactory credit (as defined in this Section) in the most recent 12 months, or
2. As provided for in a written contract for service, or
3. Upon termination of service, less any amounts the customer may owe to the District, or
4. Upon such conditions as may be established by the District with respect to service risks of similar or the same character, whichever may be applicable.

Satisfactory credit is defined as:

- a. No more than one delinquent payment, and
- b. No check which was not honored upon presentation for payment, and
- c. No disconnection of service for non-payment.

A service security deposit is non-transferable and must remain with the account on which it is paid. If a customer has other accounts with unsatisfactory credit, the service security deposit may be retained until all accounts held in the same name have satisfactory credit.

3. Classification of Service

The District has established Rate Schedules which define the different rate classifications by meter size and are made available to customers upon request.

4. Offices and Service Hours

The District's customers are served through the offices of Carteret-Craven Electric Cooperative. The main office is located at 1300 Hwy 24, west of Morehead City, North Carolina. The Cooperative also has a branch offices at 450 McCotter Blvd., Havelock, North Carolina, Regular office hours are from 8:00 a.m. to 5:00 p.m., Monday through Friday.

Service work is performed during regular work hours only, except for unusual conditions or circumstances. Emergency work is performed from these offices 24 hours a day, 7 days a week, and the District can be contacted by calling (252) 247-3107 at any time day or night.

5. District's Responsibility and Liability

- A. The District shall run a service line from its distribution line to the property line where the distribution line runs immediately adjacent and parallel to the property to be served.
- B. The District may install its meter at the property line or on the customer's property in a location mutually agreed upon.
- C. When two or more meters are to be installed on the same premises for different customers, they shall be closely grouped and each clearly designated as to which customer it supplies.
- D. The District does not assume the responsibility of inspecting the customer's piping to insure they are installed in such manner as to prevent cross connections or backflow.
- E. The District reserves the right to refuse service unless the customer's line and piping are installed in such a manner as to prevent cross connections or backflow.
- F. The District shall not be liable for damage of any kind whatsoever resulting from water or the use of water on the customer's premises, unless such damage results directly from negligence on the part of the District. The District shall not be responsible for any damage done by or resulting from any defect in the piping, fixtures or appliances on the customer's premises. The District shall not be responsible for negligence of third person or forces beyond the control of the District resulting in any interruption of service.
- G. Under normal conditions the customer will be notified of any planned interruption of service.

6. Customer's Responsibility

- A. Piping on the customer's premises must be so arranged that the connections are conveniently located with respect to the District's lines or mains.
- B. If the customer's piping on the customer's premises is so arranged that the District is called upon to provide additional meters, each place of metering will be considered as a separate and individual account.
- C. The customer shall provide a suitable place for the water meter that is unobstructed and accessible at all times to District personnel and other personnel approved by the District.

- D. The customer shall furnish and maintain a private cutoff valve on the customer's side of the meter. The District will provide a cutoff valve on the District's side of the meter.
- E. The customer's piping and apparatus shall be installed and maintained by the customer at the customer's expense in a safe and efficient manner and in accordance with the District's Rules and Regulations and in full compliance with the sanitary regulations of the North Carolina Department of Environment and Natural Resources.
- F. The customer shall guarantee proper protection for the District's property placed on the customer's premises and shall permit access to it only by authorized representatives of the District.
- G. In the event that any loss or damage to the District's property or any accident or injury to persons or property is caused by or results from the negligence or wrongful act of the customer, his agents, or employees, the cost of the necessary repairs or replacements shall be paid by the customer to the District and any liability otherwise resulting shall be assumed by the customer.
- H. The amount of such loss or damage or the cost of repairs shall be added to the customer's bill, and if not paid, service may be discontinued by the District.

7. Extensions to Mains and Service

- A. Water distribution lines to serve subdivisions under development will be handled as follows:
 1. The developer will submit plans for review and approval by the District, its engineer and the North Carolina Department of Environment and Natural Resources. Cost to be paid by the developer.
 2. Lines will be installed in accordance with the approved plans.

B. Other Extensions

Extensions of water lines within the District's service areas will be handled as follows:

1. The plans for the extension will be submitted for review and approval by the District, its engineer and the North Carolina Department of Environment and Natural Resources. Any costs associated with this project will be paid by the developer/customer.
2. The lines will be installed in accordance with the approved plans.

8. Access to Premises

- A. Duly authorized agents of the District shall have access at all reasonable hours to the customer's premises for the purpose of installing or removing District property, inspecting piping, reading or testing meters or for any other purpose in connection with the District's service and facilities.
- B. Each customer shall grant or convey or shall cause to be granted or conveyed to the District a perpetual easement and right of way across any property owned or controlled by the customer wherever said perpetual easement and right of way is necessary for the District's water facilities and lines so as to be able to furnish service to the customer.

9. Meter Reading / Billing / Collections / Returned checks

- A. All meters will normally be read monthly. It shall be the responsibility of each customer to provide access to the meter for meter reading purposes. In the event the meter reader is unable to obtain a reading, the account shall be estimated for that month and adjusted to the actual usage in a subsequent month.
- B. Bills for water will be figured in accordance with the District's published rate schedule then in effect and will be based on the amount used for the period covered by the meter readings.
- C. Water meter readings from different meters will not be combined on a single bill.
- D. Each billing period is based on approximately 30 days of usage. Bills are due and payable when rendered and become delinquent if not paid within the time allotted to each billing. When the

customer fails to pay the bill, the delinquent amount will appear as a past due amount on the following bill. Customers' accounts will be subject to disconnection without further notification. If an account is delinquent, a late fee as listed in the Schedule of Charges will be charged to the account.

When a delinquent account balance forces field collection or disconnection by a District's employee or agent all applicable fees will be charged in accordance with the Schedule of Charges, including, but not limited to, a service charge, for each visit. If the District is authorized to reset a meter disconnected for non-payment and this is done outside of regular working hours, or on days the District is closed, the District will collect in addition to the delinquent bill and other applicable charges, an overtime charge as listed in the Schedule of Charges.

If it becomes necessary to bring legal action against a customer in order to collect delinquent accounts, the customer will also be responsible for any court costs and reasonable attorney fees.

- E. Failure to receive bills or notices will not prevent such bills from becoming delinquent or relieve the customer from payment.
- F. Where a customer pays his or her bill or deposit by check, whether presented in person, through the mail, or electronically, the customer understands the District may charge and collect processing fees, as listed in the Schedule of Charges, for checks on which payment has been refused by the customer's bank. If the returned item was presented via Carteret-Craven Electric Cooperative's website, a returned check fee and electronic returned item fee, as listed in the Schedule of Charges, will be charged.

When a check received in payment of a bill for service or deposit is returned by the bank as invalid, the account will be debited for the amount of the check plus the appropriate handling fee, and a new or additional deposit amount may be charged as required in the District's deposit policy. The customer will be notified by letter that the amount of the check is due immediately to avoid disconnection of service. Extensions will not be given to make payment for returned checks. The customer will be placed on a cash only basis for payment and the District will no longer accept a personal check as payment for service for a period of 12 months.

Exceptions to the cash only requirement may be made at the discretion of the District's designee. The District designates and grants the authority to waive the cash only requirement to the Chief Executive Officer/General Manager of Carteret- Craven Electric Cooperative and his or her designee.

10. Disconnection/Suspension of Service

- A. The District requires one (1) day notice to disconnect service or for a change in occupancy, and a disconnect fee as listed in the Schedule of Charges will be charged. The disconnecting customer shall be responsible for all water used up to the time of the meter reading.
- B. The District reserves the right to discontinue its service without notice for the following reasons:
 - 1. To prevent fraud or abuse.
 - 2. Customer's willful disregard of the District's rules.
 - 3. Emergency repairs
 - 4. Insufficiency of supply due to circumstances beyond the District's control.
 - 5. Legal procedures
 - 6. Direction of public authorities
 - 7. Strike, riot, fire, accident or any unavoidable cause
- C. The District may, in addition to prosecution by law, permanently refuse service to any customer who tampers with a meter or other measuring device.

11. Billing Inquiries / Billing Adjustments

- A. If the customer believes his bill to be in error, he shall present his claim, in person or in writing at the District's office before the bill becomes delinquent. Such claims, if made after the bill has become delinquent shall not be effective in preventing discontinuance of service as provided in this article. The customer may pay such bill under protest and said payment shall not prejudice his claim.
- B. The District may, after review of a completed water adjustment request form supported by repair bills and other appropriate documentation, adjust a customer's bill for excessive usage. Adjustments shall be made in the case of loss of water due to circumstances beyond the reasonable control of the customer, such as mechanical failure, concealed leaks in the customer's piping, theft of water, vandalism, or other unusual or emergency conditions. Adjustments shall not be made for such incidents as leaking or running toilets, leaking or unattended faucets (inside or outside), exposed piping, or leaking outdoor water hoses, showers or sinks.

The District designates and grants the authority to approve adjustments on bills to the Chief Executive Officer/General Manager of Carteret-Craven Electric Cooperative and his or her designee.

Adjustments on concealed water leaks shall be made for fifty percent (50%) of the excessive water usage. No adjustment will be made unless the excessive water usage is at least 25,000 gallons over the average monthly usage for the preceding twelve (12) months. Customers will be given no more than one adjustment per year or two in a lifetime.

In the event the District discovers that a leak exists and the customer is notified of same, the customer shall take immediate steps to correct the situation. Undue delay by the customer shall cause forfeiture of the benefits of an adjustment.

- C. Meters will be tested at the request of the customer upon payment to the District of a meter test fee as listed in the Schedule of Charges. If the meter is found to be faulty and does not test between ninety-five percent (95%) and one hundred and five percent (105%) accurate, the meter test fee will be refunded.
- D. If the seal of a meter is broken by other than the District's representative or if the meter fails to register correctly or is stopped for any cause, the customer shall pay an amount estimated from the record of his previous bills and/or from other proper data.

12. Abridgement or Modification of Rules

No promise, agreement, or representation of any employee of the District shall be binding upon the District except as it shall have been agreed upon in writing, signed and accepted by the acknowledged officers of the District.

Notice of Equal Opportunity Program

This is an equal opportunity program. Federal law prohibits discrimination. Complaints of discrimination can be filed with Administrator, FMHA, US Department of Agriculture, Washington, DC 20250-0700.

13. SCHEDULE OF CHARGES

DEPOSITS

1. Residential: the greater of \$90 or the highest estimated water bill for two and one half months of service.
2. Other than Residential: The greater of \$90 or the highest estimated water bill for two and one half months of service.

TAP-ON FEES

Meter size	
3/4"	\$ 1,000.00
1"	2,400.00
1 1/2"	2,600.00
2"	4,800.00

For any meter size larger than 2" the customer will pay the greater of the 2" tap-on fee or the total actual cost of the tap-on.

CAPACITY USE FEES

Single family residence with 3/4" service line	\$ 3,000.00
Single family residence with 1" service line	\$ 3,200.00
Subdivisions	
For single family lots with 3/4" service lines-	\$ 3,000.00 per lot
Single family lots with 1" service lines	\$ 3,200.00 per lot
Multifamily	\$3,000.00 per dwelling unit unless each dwelling unit is individually metered and, if so, per the meter size of the service line to the unit
Mobile home parks	\$3,000.00 per mobile home unless each mobile home is individually metered and, if so, per the meter size of the service to the mobile home
Commercial/industrial	Per the size of the service line to the project; however, if commercial units in the project are to be individually metered, per meter size of the service to the unit
Institutional	Per the size of the service line to the project; however, if institutional units in the project are to be individually metered, per size of the meter for the service line to the unit
Campgrounds/ recreational vehicle parks/ travel trailers	\$750.00 per space
Marinas	\$75.00 per slip
Where not specified above, per meter size as follows	
3/4"	\$3,000.00
1"	\$3,200.00
1 1/2"	\$3,300.00
2"	\$6,700.00
Greater than 2"	As determine by the district's board

SERVICE FEES

1. Connect	\$ 25.00
2. Field Service Charge	30.00
Includes:	
Delinquent disconnect trip	
Delinquent reconnect trip	
Delinquent field extension	
Delinquent field collection	
3. Delinquent Service Charge	5.00
4. Meter Test	50.00
5. Overtime (additional service charge after normal business hours)	45.00
6. Returned check	25.00
7. Electronic returned item	10.00
8. Meter Relocation (under 20 feet/no new tap)	250.00
9. Meter Installation	500.00