

**RULES AND REGULATIONS
FOR
WATER SERVICE**

**SENIOR CANYON MUTUAL WATER COMPANY
OJAI, CALIFORNIA**

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RULES AND REGULATIONS FOR WATER SERVICE

1. GENERAL. This document shall be known as “Rules and Regulations for Water Service” of the Senior Canyon Mutual Water Company (“Senior Canyon”). Unless otherwise approved by the Board of Directors of the Senior Canyon Mutual Water Company (“Board”), all water service shall be made in accordance with these rules and regulations. These rules and regulations may be amended by the Board pursuant to the procedures of Senior Canyon’s By-laws. *Amendments shall be effective upon their approval or as otherwise provided and therefore may be effective prior to incorporation into this document.*

2. DEFINITIONS. Whenever the words defined in this article occur in these Rules and Regulations for Water Service, they shall have the meaning here defined:

2.1. “Board” shall mean the Board of Directors of the Senior Canyon Mutual Water Company.

2.2. “By-laws” shall mean the duly adopted By-laws of Senior Canyon.

2.3. “Domestic service” shall mean and include all Class I service to any residence excepting service to any agricultural service through which service to a residence may be obtained.

2.4. “Fire service” shall mean the provision of a hydrant supplied with an adequate flow of water as required by the Ventura County Fire Department.

2.5. “Manager” shall mean the person holding the position or acting in the capacity of Manager of the Senior Canyon Mutual Water Company.

2.6. “Residential Water Shut-Off Policy” shall mean the written policy on discontinuation of residential water service for non-payment provided in the Senior Canyon document entitled Residential Water Shut-Off Policy.

2.7. “Senior Canyon” shall mean the Senior Canyon Mutual Water Company.

2.8. “Service” shall mean the furnishing of water to a shareholder through a connection to facilities of Senior Canyon.

2.9. “Service facilities” shall mean those facilities between Senior Canyon’s conveyance line and the outlet of the meter if the meter is owned by Senior Canyon.

2.10. “Special facilities” shall mean special materials and/or equipment installed between Senior Canyon’s pipeline and the shareholder’s side of the meter.

2.11. “Water Rates and Charges” shall mean the water rates, charges, penalties, and other fees contained within the Senior Canyon document entitled Water Rates and Charges or otherwise duly adopted by the Board.

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3. AREA SERVED. The rates and regulations set forth herein pertain to service to land and/or improvements lying within the boundaries as described in Article XI Section 2 of the By-laws.

4. ARRANGEMENTS FOR REGULAR WATER SERVICE.

4.1. APPLICATION FOR NEW OR EXPANDED SERVICE.

4.1.1. APPLICATION AND INITIAL CONSIDERATION. Application for new or expanded service shall be made in writing by the shareholder. Applications for new or expanded service shall be initially approved or denied by the Board, in consideration of the proposed use, location within the Senior Canyon system, and availability of adequate water supplies. The Board may request additional information to render its decision. Technical analysis and/or reports in support of the application and/or a Will Serve Letter shall be as directed by Senior Canyon and at the applicant's expense. Depending on the availability of water supplies, the applicant may be required to make special arrangements with Senior Canyon and/or Casitas Municipal Water District to ensure that any additional costs for water supplies to accommodate the requested service do not unduly burden Senior Canyon's other shareholders.

4.1.2. WILL-SERVE OR WATER AVAILABILITY LETTERS.

4.1.2.1. UPON REQUEST. Upon request by the owner, or his or her designee, of any parcel of land within the boundaries of Senior Canyon and the resolution of all water service and fire protection requirements in a manner satisfactory to Senior Canyon, Senior Canyon may issue Will-Serve Letters with or without additional terms, conditions or restrictions.

4.1.2.2. LIMITATIONS. Will-Serve Letters will not be issued for any parcel which is located within the service area of another water purveyor unless the water purveyor has granted written permission to Senior Canyon to serve the parcel. Will-Serve Letters will not be issued where an agreement is required until the agreement is fully executed. Will-Serve Letters will not be issued unless the owner is a Senior Canyon shareholder. Senior Canyon may establish an expiration date on any Will-Serve Letter issued. Regardless of whether an explicit expiration date has been established, the Board, in its discretion and in consideration of changed circumstances from the date the Will-Serve Letter was issued, may deem letters not acted upon within a reasonable period of time to be expired and no longer valid.

4.1.3. FINAL APPORVAL. With initial approval, final approval may be made where adequate distribution systems have been installed, after arrangements have been completed for cash or installment payment of established meter connection fee or other facilities or costs provided or incurred by Senior Canyon.

4.1.4. REGULAR WATER SERVICE METER. With the potential exception of service to non-member entities pursuant to Corporations Code section 14300, regular water service to each property ownership shall be through a separate water meter.

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4.2. **MAINTENANCE OF CREDIT.** Payment in full of any outstanding obligations in connection with Senior Canyon water service at a previous location shall be prerequisite to initiation of service to a shareholder at a new location.

4.3. **CONNECTION FEE.** New services, if available, shall be subject to a service connection fee based on the cost of the service facilities required to provide the service. The connection fee shall consist of two cost components: i.e., “meter” and “service facilities exclusive of meter.” For residential and irrigation services 2 inches or less in diameter that do not require special facilities, standard schedules of meter connection fees may be established in the Water Rates and Charges. In the absence of such standard schedules, the connection fees shall be as follows:

4.3.1. **CONNECTION FEE.** The connection fee shall be the actual cost of the required service facilities and meter including the installation cost thereof.

4.3.2. **SPECIAL FACILITY INSTALLATIONS.** Where the conditions of service require special facilities, as determined by Senior Canyon, the connection fee, regardless of size of service, shall be the actual cost of furnishing and installing such special facilities. Such special facilities may include but are not limited to turnouts, heavy duty pipeline, fittings and meters required when pipeline pressures exceed 150 pounds per square inch; excess pipeline, trenching, installation of casing, and paving, when required, when the length of service pipeline required is in excess of 60 feet; or the conditions of the service require the crossing of a paved road or special equipment not normally required in the installation of individual service connections.

4.3.3. **BACKFLOW PREVENTION DEVICES.** The shareholder may be required to furnish and install a backflow prevention device at the shareholder’s sole expense in compliance with the requirements as set forth in Section 16 of these Rules and Regulations for Water Service.

4.4. **PAYMENT OF CONNECTION FEE.** The connection fee or estimated connection fee shall be paid in full at the time application is made for water service. Any adjustment of the estimated connection fee to actual cost shall be made when the service installation is completed.

4.5. **CHANGE OF ACCOUNT.** A new shareholder requesting service through an existing service connection shall apply in writing for a Transfer of Shares and Water Service. All amounts owing on the account and an Account Servicing Fee as specified in the Water Rates and Charges must be fully paid to transfer of shares of stock and water service. For a change of account with the sale of real property, the following additional requirements apply:

4.5.1. **SELLER’S NOTICE.** The shareholder selling real property shall notify buyer and escrow that water service is provided by Senior Canyon and that shares of stock appurtenant to the property must be transferred to the new shareholder prior to the

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property transfer date. Notice to escrow shall be given as early as possible. The selling shareholder shall not transfer any shares of stock prior to the close of escrow.

4.5.2. ON-SITE MEETING. The new shareholder (buyer) or shareholder's representative will schedule a meeting on the real property subject to the sale with Senior Canyon's Acting Manager and Head of Operations prior to the proposed property transfer date to review important aspects these Rules and Regulations for Water Service, Senior Canyon's By-Laws, and other information, and to identify any Senior Canyon buried pipelines or other facilities located on the property.

4.6. CHANGE IN SIZE OF SERVICE. Should conditions, as determined by Senior Canyon, require a change in size of service, the following provisions shall apply:

4.6.1. REPLACE METER WITH LARGER METER. The shareholder shall pay the connection fee required for the larger meter less a credit equal to the salvage value of the facilities replaced in accordance with established Senior Canyon policy and procedure.

4.6.2. REPLACE METER WITH SMALLER METER. This change in size of service shall be made at actual cost to the shareholder. In the event the salvage value of the facilities replaced exceeds the cost of the facilities installed, the shareholder shall be granted a credit equal to such excess in accordance with established Senior Canyon policy and procedure.

4.7. RELOCATION OF EXISTING SERVICE FACILITIES. When a change in the location of existing service facilities is deemed necessary by Senior Canyon, such change in location shall be accomplished at Senior Canyon expense. When the relocation of existing service facilities is required, as determined by Senior Canyon, as a result of action taken by the shareholder or when such relocation is requested by a shareholder for his or her convenience, and upon approval by the Manager, such relocation shall be accomplished by Senior Canyon at the shareholder's expense. In either event, the cost of reconnecting the shareholder's private plumbing system to the relocated Senior Canyon owned service facilities shall be at the shareholder's sole expense. Costs associated with the relocation of facilities at the shareholder's expense shall be determined according to standard Senior Canyon accounting procedures.

5. OWNERSHIP OF SERVICE FACILITIES.

5.1. SENIOR CANYON-OWNED FACILITIES. Senior Canyon shall retain ownership of all Senior Canyon-installed meters, appurtenances, and connection piping ahead of the meter. The valve on the outlet side of the meter, pressure regulators, backflow prevention devices, and other special facilities beyond the meter owned by the shareholder and their proper operation and maintenance are the responsibility of the shareholder. Senior Canyon regulations relating to assurances regarding proper operation of such special facilities are set forth in Section 16 of these Rules and Regulations for Water Service.

5.2. SHAREHOLDER-INSTALLED FACILITIES. By special agreement and with the consent of the Board, the shareholder may furnish and install all of the required meter

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installation except the meter to Senior Canyon specifications at the shareholder's sole expense in lieu of payment to Senior Canyon of the established connection fee. Under such circumstances, the shareholder may be required to pay to Senior Canyon the costs for legal services, engineering, plan check and inspection services, operation and maintenance shutdown costs, the meter, and other related work occasioned by such installation. Such shareholder-installed facilities between Senior Canyon's pipeline and the shareholder's side of the meter normally shall become the property of Senior Canyon with easement right granted Canyon and shall thereafter be maintained by Senior Canyon.

6. TEMPORARY WATER SERVICE. Application for temporary water service shall be made in writing. Temporary service is intended primarily for construction and sanitary sewer flushing purposes and shall be provided at the Class I Service (Residential) rates of the Water Rates and Charges, plus the actual cost for meter installation and lines to meter as required pursuant to Section 6.1, below. Temporary service for other purposes shall be provided and billed at the discretion of the Board. In all cases, provision of temporary water service shall not be considered mandatory, but shall be made at the sole discretion of the Board.

6.1. LIMITATIONS. Temporary service will not be provided where adequate water supplies are not available or the service is otherwise inappropriate, including in those instances where Senior Canyon determines that a permanent service would be more appropriate. Such determination by Senior Canyon will be based in part upon the ultimate classification of the service to the applicant. Temporary water service may be provided for a maximum period of six months. Periods of time in excess of six months may be approved by the Board.

6.2. INSTALLATION FEE. A meter installation fee as specified in the Water Rates and Charges shall be paid by the applicant at the time temporary water service is requested; provided, that where temporary water service is desired from an outlet other than a fire hydrant and/or special piping or other fittings are required for the connection, the installation and relocation fees shall be increased to cover the actual cost of installation. No charge shall be made to the applicant for the cost of the meter. Credit for any salvageable materials used in the installation shall be in accordance with established Senior Canyon policy and procedure.

7. FIRE SERVICE. Application for fire service may be made in writing to Senior Canyon and in coordination with the Ventura County Fire Protection District. If the Senior Canyon system cannot reasonably meet the current Ventura County fire-flow or duration requirements, improvements to the Senior Canyon system or other means acceptable to the County, such as an on-site water storage tank to provide the required fire protection water supply, shall be made at the expense of the applicant.

8. BILLING AND COLLECTION CHARGES.

8.1. STATEMENTS.

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8.1.1. WATER SERVICE. Bills for water service shall be rendered monthly.

8.1.2. SURCHARGES ON WATER BILLS. Bills covering amounts due as scheduled for collection as a surcharge on water service shall be rendered as a separate charge on the bill for water service.

8.1.3. CLOSING BILLS. Closing bills shall be prepared upon request of the shareholder, upon change of account, or upon discontinuance of service for nonpayment of a delinquent bill.

8.2. PAYMENT.

8.2.1. DATE DUE. Amounts due Senior Canyon pursuant to bills rendered in conformance with Section 8.1 above shall be due and payable upon deposit of said bills in the United States mails addressed to the shareholder at the mailing address designated by the shareholder or upon presentation to the shareholder.

8.2.2. DELINQUENCY.

8.2.2.1. WATER SERVICE AND SURCHARGES. Payment on account of bills for water service and surcharges thereon shall become delinquent unless paid within 30 days following the due date.

8.2.2.2. WATER SHUT-OFF AND RESTORATION. When a bill has been delinquent for 60 days, service may be discontinued for nonpayment thereof. For residential service, procedures shall be followed as provided in Senior Canyon's Residential Water Shut-Off Policy, posted on Senior Canyon's website. Water shut-off and restoration for all other service shall be as provided in Section 10.2 below.

8.2.2.3. REMEDIES FOR NONPAYMENT. Upon exhausting all applicable procedures of the Residential Water Shut-Off Policy, Senior Canyon may institute action in any court of competent jurisdiction, cause the delinquent amount to be added to and become a part of the annual tax levied upon the property in accordance with Water Code section 72094, et seq., and/or take any other steps to effect collection for services rendered by Senior Canyon.

9. DISPUTED BILLS. If a shareholder believes his or her bill to be in error, the shareholder shall so advise Senior Canyon, following the procedures set forth in the Residential Water Shut-Off Policy. This Policy shall apply to all disputed bills, including disputed bills for non-residential service.

10. DISCONTINUANCE AND RESTORATION OF SERVICE.

10.1. RESIDENTIAL WATER SHUT-OFF FOR NON-PAYMENT. Disconnection and restoration of residential water service for nonpayment shall be in accordance with the procedures of Senior Canyon's Residential Water Shut-Off Policy.

10.2. OTHER NON-VOLUNTARY WATER SHUT-OFF.

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10.2.1. **SHUT-OFF FOR NONCOMPLIANCE WITH RULES AND REGULATIONS FOR WATER SERVICE.** Water service may be shut off for violation of or noncompliance with these Rules and Regulations for Water Service and may be resumed only upon satisfactory evidence that violations have been corrected or that provisions of the Rules and Regulations for Water Service have been complied with.

10.2.2. **NOTICE.** A notice will be sent to the shareholder of record and/or prominently posted at the service property when the account becomes delinquent or a violation triggering water shut-off occurs. Such notice will include contact information, the amount of the delinquency or description of the violation(s), and the date by which payment or correction of the violation(s) is required in order to avoid discontinuation of service (“Shut-Off Date”). For non-payment, the Shut-Off Date shall be no earlier than 60 days from the bill past due date. In all other cases, the Shut-Off Date shall be established in Senior Canyon’s discretion. For willful violation of Senior Canyon’s policies, rules, or regulations, the Shut-Off Date may be 24 hours from the time notice is given.

10.2.3. **APPEAL.** If a shareholder believes the noticed payment delinquency or violation to be in error, the shareholder shall so advise Senior Canyon, following the procedures set forth in the Residential Water Shut-Off Policy for appeal of water charges. This Policy shall apply to all appeals, including for non-residential service.

10.2.4. **SHUT-OFF AND RECONNECTION.** Except if an appeal is pending, if the shareholder has not paid in full all past due charges and applicable fees, and corrected all noticed violations by the Shut-Off Date, water service will be discontinued and the water meter will be locked. If service is shut off, shut-off/reconnect fees as shown in the Schedule of Water Rates and Charges will be assessed to the account twice, once for shut-off and once for reconnection, and must be paid in full in addition to all other delinquent charges before service is resumed. If there is any tampering or removal of the shut-off lock or seal, a \$500.00 charge will be assessed to the account in addition to the shut-off/reconnect charges.

10.3. REQUESTED SHUT-OFF.

10.3.1. **DISCONTINUANCE OF SERVICE.** Water service will be turned off on the date requested by the shareholder, provided 24 hours advance notice, excluding Saturdays, Sundays, and holidays, is furnished to Senior Canyon. The shareholder shall be held responsible for all service rendered to the shareholder’s premises until the date of turnoff specified in a notice to Senior Canyon.

10.3.2. **RESTORATION OF SERVICE.** Regardless of whether restoration of service is requested by a current shareholder or a new shareholder, Senior Canyon shall be provided a minimum of 24 hours notice, excluding Saturdays, Sundays and holidays, in advance of such restoration of service.

11. METER TESTS.

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11.1. REQUESTS FOR TESTS. A shareholder who believes that the water meter serving the shareholder's premises is not accurately measuring the water delivered may request a test of the meter. When such a test is requested, and at the discretion of Senior Canyon, the shareholder may be required to pay actual labor costs for performing the test. If Senior Canyon believes that a meter is inaccurately measuring the water delivered to a shareholder's premises, it may initiate a test of the meter to determine its accuracy. In the case of Senior Canyon-initiated tests, the shareholder is not charged a fee.

11.2. TEST RESULTS. If a meter is found to be registering at a rate less than 95 percent of true flow or greater than 105 percent of true flow, appropriate adjustment of the shareholder's water bills for the immediately preceding three billing periods will be made and the shareholder's account credited or charged as determined by Senior Canyon to be appropriate in light of the test results. If the test shows registrations outside the limits set forth above, the meter test fee shall be refunded.

12. WATER SYSTEM EXTENSION AND SPECIAL FACILITIES. Whenever extension of the water system is required because the lands to be served do not lie along a pipe line of adequate capacity or proper pressure, or special facilities for water service are required, the works may be installed in accordance with one of the following procedures:

12.1. PAYMENT AT TIME OF APPLICATION. The works may be installed by Senior Canyon with the cost associated with service to the applicant's property paid by the applicant in accordance with payment of connection fees under subsection 4.4.

12.2. INSTALLATION BY SHAREHOLDER. The works may be financed and installed by the applicant in accordance with plans and specifications previously approved by Senior Canyon. The applicant may be required to pay to Senior Canyon the cost of engineering and inspection services incurred in connection with the works.

13. WATER SUPPLY AND INTERRUPTION OF DELIVERY.

13.1. LIABILITY. Senior Canyon will exercise reasonable diligence and care to deliver to shareholders a continuous and sufficient supply of water at the meter. Senior Canyon, however, shall not be liable for interruption of service or shortage or insufficiency of supply or for any loss or damage occasioned thereby.

13.2. REPAIRS AND IMPROVEMENTS. For the purpose of making repairs or installing improvements to the system, Senior Canyon shall have the right to temporarily suspend the delivery of water. Senior Canyon shall make reasonable efforts to notify shareholders in advance of such action, except in cases of emergency. Repairs or improvements will be performed as rapidly as may be practicable and so far as possible at times which will cause the least inconvenience to the shareholders concerned. Senior Canyon shall not be liable for any loss or damage occasioned by such suspension of service.

13.3. WATER SHORTAGES. As provided in the By-laws, during times of threatened or actual water shortage, Senior Canyon may impose rates, penalties, incentives, water use restrictions, or other means to allocate and apportion the Company's available water

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supplies among the shareholders in a manner that the Board determines most equitable under the circumstances; may prohibit the wastage of Company water and prohibit or restrict nonessential uses of Company water as the Board determines necessary to maintain water service to essential uses; and may declare a water shortage emergency and implement additional actions pursuant to California law.

14. SENIOR CANYON EQUIPMENT ON SHAREHOLDER'S PREMISES.

14.1. RIGHT OF ACCESS. All service pipe and equipment needed to serve shareholders up to and including the meter shall be owned by Senior Canyon whether installed (1) on public or private property, or (2) at applicant's or Senior Canyon's expense. Senior Canyon equipment required for operation of its water system and furnishing service which is installed on a shareholder's premises may be repaired, replaced, or removed by Senior Canyon. Authorized representatives of Senior Canyon shall have the right of access to such equipment for any purpose reasonably connected with operation of its water system and the furnishing of service regardless of the existence of an express easement for such purposes. Senior Canyon shall make no payment for placing or maintaining equipment which is required solely for providing service to the shareholder's premises.

14.2. EASEMENTS. The shareholder understands and agrees that regardless of the existence of a recorded easement granting utility rights to Senior Canyon for its existing pipelines and other facilities located on shareholder's property, Senior Canyon holds such rights under California law under the doctrine of easement by prescription. Where an easement has not been recorded for such existing facilities, the shareholder agrees to work with Senior Canyon to effectuate the formal grant and recording of an easement to Senior Canyon that recognizes Senior Canyon's continued rights to use and maintain its facilities.

14.3. RESPONSIBILITY OF SHAREHOLDER. The shareholder shall exercise care to prevent damage to or interference with the operation or servicing of Senior Canyon equipment. The shareholder shall be liable for any damage to Senior Canyon owned meters, locks, or other equipment which is caused by the shareholder or their tenants, agents, employees, contractors, licensees, or permittees and must promptly reimburse Senior Canyon on presentation of a bill for any such damage.

15. RESPONSIBILITY FOR WATER RECEIVING EQUIPMENT.

15.1. RESPONSIBILITY OF SHAREHOLDER. The shareholder shall be responsible for connecting their pipeline to Senior Canyon's meter. The shareholder shall furnish and install at their own risk and expense that portion of the water system which begins at the outlet side of the meter. Such water receiving equipment shall remain the property of the shareholder and they shall be responsible for its maintenance and repair. Senior Canyon may, at its sole discretion, require the shareholder to install protective devices or adjust, replace, or discontinue using any water receiving or regulating equipment when surges or other potentially damaging effects to Senior Canyon's water system are caused by the shareholder's operations or equipment. Senior Canyon may require the shareholder to submit plans of this proposed water receiving equipment for approval by Senior Canyon

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prior to the installation of its service connection facilities. Where reduced or increased pressure is desired by the shareholder, they shall be responsible for installing and maintaining the necessary regulators, pumps, and relief valves. In such cases, the equipment shall be installed on the shareholder's side of the meter and at their expense.

15.2. SENIOR CANYON NOT LIABLE. Senior Canyon shall not be responsible for any loss or damage caused by the negligence, want of proper care, or wrongful act of the shareholder or any of the shareholder's tenants, agents, employees, contractors' licensees, or permittees in installing, maintaining, using, operating, or interfering with any water receiving equipment. Furthermore, Senior Canyon shall not be responsible for damage caused by faucets, valves, and other equipment which may be open at any time that water is turned on at the meter.

15.3. ELECTRICAL GROUNDING. Senior Canyon is not responsible for providing an electrical ground through water service equipment. Accordingly, shareholders are cautioned not to attach any ground wiring to plumbing which is or may be connected to Senior Canyon service equipment, unless the shareholder installs an approved insulating device between the shareholder's and Senior Canyon's system. Senior Canyon may hold the shareholder liable for any damage to Senior Canyon property resulting from a ground wire attachment.

16. PROTECTION OF SENIOR CANYON'S PUBLIC WATER SUPPLY.

16.1. RESPONSIBILITY OF SHAREHOLDER. In making plumbing connections the shareholder is required to comply with the regulations of the Department of Health, as set forth in Title 17 of the California Administrative Code and the United States Public Health Service. Such regulations prohibit (1) unprotected cross connections between a public water supply and any unapproved source of water and (2) unprotected water service connections to premises where there is a possibility of contaminated water back flowing into the public water system. If Senior Canyon has any reason to believe that a backflow prevention device may be necessary, the shareholder may be required to verify the need for such devices with the Environmental Health Division of the Ventura County Environmental Resource Agency. However, Senior Canyon reserves the right to impose whatever requirement it deems necessary to protect the public water supply. When requested, the shareholder, at their sole expense, shall furnish and install an approved backflow device to the satisfaction of Senior Canyon and/or the Environmental Health Division of the Ventura County Environmental Resource Agency.

16.2. REQUIREMENTS FOR PROTECTIVE DEVICES. Senior Canyon, in compliance with Public Health Regulations, will require the installation of approved backflow prevention devices or other protective devices before granting or continuing service under such conditions as set forth hereafter:

16.2.1. ALTERNATE SUPPLY. Where another source of water is in use or is available for use unless the alternate supply has been certified for domestic use by the Environmental Health Division of the Ventura County Environmental Resource Agency the

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California State Department of Health. Periodic water quality tests shall be required by Senior Canyon of alternate supplies of water which have been so certified. When such periodic water quality tests are required by Senior Canyon, they shall be made at the sole expense of the shareholder.

16.2.2. CONTAMINATED SUBSTANCES. Where contaminated liquid or soluble substances of any kind are used, produced or processed.

16.2.3. FERTILIZERS OR OTHER CHEMICALS. When service is made to agricultural land upon which the shareholder utilizes their irrigation system for the application of fertilizers or other chemicals through injection of such substances into the water system.

16.2.4. SPECIAL CASES. In special cases, at the sole discretion of Senior Canyon, Senior Canyon may require the customer to eliminate certain plumbing or piping connections as an additional precaution to prevent backflow.

16.3. CUSTOMER INSPECTION OF PROTECTIVE DEVICES. The regulations of Senior Canyon and the California State Department of Health require that the owner of any premises on or for which protective devices are installed for the protection of Senior Canyon facilities shall cause these devices to be inspected and checked for proper operation at least once per year at the owner's or shareholder's expense by a licensed plumber approved by the Environmental Health Division of the Ventura County Environmental Resource Agency. All defective devices shall be serviced, overhauled, or replaced at the shareholder's expense. A written report on this annual inspection, including any required corrective action taken, shall be submitted to Senior Canyon and the Environmental Health Division of the Ventura County Environmental Resource Agency by the licensed plumber who made the inspection.

16.4. SENIOR CANYON INSPECTION OF PROTECTIVE DEVICES. Protective devices may be inspected and tested for proper operation by Senior Canyon. Service to any premises may be immediately discontinued if it is found that dangerous unprotected cross connections exist or if any defect is found in the operation of the protective devices. Service shall not be restored until such defects are corrected by the shareholder.

16.5. PROTECTION OF SHAREHOLDER'S PLUMBING SYSTEM. As a protection to the shareholder's water system, a suitable pressure relief valve must be installed where check valves or other backflow prevention devices are installed. Such installation must conform to the requirements of the plumbing code as adopted by the local jurisdictional agency. Such installation shall be installed and maintained at the shareholder's sole expense.

17. INTERFERENCE WITH SENIOR CANYON FACILITIES AND WATER. Intentional damage to, destruction of, or tampering with Senior Canyon facilities, and the unauthorized appropriation of or theft of Senior Canyon water shall be punishable as follows: (a) By termination of water service to the perpetrator. (b) By the assessment of liquidated damages in an amount not to exceed the actual damages incurred or \$1,000.00, whichever

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is greater. The person or persons charged with one or more of the acts prescribed above shall be entitled to a hearing to be conducted generally following the applicable provisions of the Administrative Procedure Act (Govt. Code, § 11500, et seq.). Pending said hearing, the Manager or Board President shall determine whether water service to the person or persons so charged shall be continued or discontinued. His or her determination shall be based on the following factors: (a) Amount of damage to Senior Canyon facilities. (b) Amount of water lost through such damage. (c) Likelihood of the damage being repeated.