

RULES AND REGULATIONS

LINCOLN AVENUE WATER COMPANY 564 West Harriet Street Altadena, CA 91001

(Approved by the Board of Directors and Effective on and after May 1, 2010)

1. Lincoln Avenue Water Company is a mutual, non-profit organization, and is hereinafter referred to as the "Company".
2. Water will be supplied only for use on land within the legal boundaries of record approved by the Company.
3. Service connections to the mains of the Company will be made only for shareholders of record holding the required number of shares of stock. The number of shares required shall be at the rate of five (5) shares per acre. Fractional shares will not be issued.
4. Applications for service connections must be made on printed forms furnished by the Company, and accompanied by a map showing by metes and bounds the description of the property on which water is proposed to be used.
5. Every service connection to the water distribution system shall be made by or at the direction of the Company after the necessary permit has first been issued by the Company approving a shareholders application for a service connection.
6. Before the Company may issue any permit approving a new service connection, it must first evaluate the impact each application for a service connection may have upon the water distribution system of the Company as well as the Company's capability of being able to supply the new water services requested. In connection therewith, the Company may, as conditions of approval, require the applying shareholder to make certain improvements to the system and/or pay a contributive share of the cost of the system as determined by the Board of Directors; and/or take such other steps as may be reasonably requested by the Board of Directors. Conditions for approval may include but are not limited to the following:
 - A. The shareholder may be required to either install a water main along the entire property frontage to be serviced and/or from the nearest existing adequate supply source; or in the alternative, pay to the Company, the Company's estimated cost of such installation.
 - B. If it is determined by the Company that the water main already existing along the frontage to be served, is of inadequate size to supply the increased demand to be imposed by the new application for service connection, the applying shareholder may be required to pay the complete cost for a new water main of adequate size and/or pay all or a contributive share of the cost of such main as determined by the Board of Directors of the Company.
 - C. If the system is determined to be adequate for the new service connection, the Company may still require the applying shareholder to pay a contributive portion as determined by

the Board of Directors of the Company of that portion of the water system necessary to supply water to the applying shareholder.

- D. Each shareholder making application for a service connection may be required as partial consideration for the Company supplying water to said property, to grant to the Company an easement across that portion of said shareholder's property necessary to install and maintain the Company's distribution system. This easement shall include the right of ingress and egress to read any water meter owned by the Company as well as to service said distribution system.
 - E. The shareholder applicant in each instance shall also be required to pay all direct costs of the Company attributable to the new service connection, including but not limited to, the cost of meter of the appropriate size, including labor and materials, allowance, overhead and upkeep expenses on said meter, as well as any additional sum or sums that the Board of Directors deems proper.
 - F. Before an application can be considered by the Company, a deposit will be required to compensate the Company for preliminary work relative to the development, including but not limited to, preliminary engineering for the project, in the event the project is abandoned.
- 7. As a condition of granting an application for connection to the Company's main and water distribution system, and in consideration for the Company supplying water to said property, each property owner shall grant to the Company an easement across that portion of his or her property necessary to install and maintain the connecting pipe and meter connecting the water main of the Company to the water system of said owner. This easement shall include the right of ingress and egress to read the water meter owned by the Company as well as to service said meter and connecting line.
 - 8. On all new service lines connected to the mains of the Company, there shall be a gate valve or a cut-off between the meter and the street main. **A backflow preventor shall be installed on all new installations.**
 - 9. Although water rates will be charged only to the shareholder – owner at the premises where water is used, at the request of a shareholder, the Company will send all bills for water charges to a tenant of the shareholder. Such action shall not however relieve the shareholder of their primary responsibility to pay all bills for said water charges. All water charges become a lien against the stock of the company owned by the responsible shareholder. Unless the Company receives a directive from a shareholder to the contrary, it is understood that by allowing the tenant to take possession of the premises, the shareholder is also requesting the Company to send all bills for water charges to the tenant at the premises.
 - 10. If a meter fails to register during any period, or is found to register inaccurately, the amount due for such a period will be determined by the Company. Such determination will be made in writing and filed in the office of the Company. If the water consumer is not satisfied with such determination, they must pay the bill and apply in writing to the Board of Directors for an adjustment.

11. In the event of any controversy in connection with charges for service or materials furnished, the bill shall be paid and a complaint in writing by the consumer filed with the Board of Directors for a review.
12. The consumer may not re-sell any of the water received.
13. Wastage of water is prohibited and repeated wastage, after written notice to the shareholder, will be warrant for shutting off the service.
14. All consumers must keep their own service pipes in good order and free from leakage and they will be held liable for all damages that may result from neglect to do so.
15. Water must not be permitted to run from any connection when not in actual use. Open hose for lawns or flowers is prohibited unless in charge of some person who will see that the water is not wasted by being allowed to run too long in one place.
16. A meter that has been sealed may be reopened only by an employee of the Company. Likewise, once the water to any property has been shut off by order of the Company, it can only be turned back on by an authorized employee of the Company. Anyone willfully violating this rule is guilty of a misdemeanor and will be subject to prosecution under section 625 of the Penal Code of California. A \$500.00 reward will be paid by the Company to any individuals supplying information that leads to a successful prosecution of any individual violating this rule.
17. On failure to comply with the rules and regulations established as to the use of water, or to pay rates or any other charges in the time and manner herein provided, the water may be shut off on any or all services where the delinquent customer is being supplied with water until payment of the amount due is made.
18. In case of any emergency, the Company is authorized to turn off water in mains and pipes of the Company system without notice and shall not be liable for any resultant damage to shareholders property of equipment.
19. Level Pay Plan Program available for qualified applicant.

These rules and regulations take effect May 1, 2010 and all rules and regulations in conflict herewith are abrogated. The Board of Directors may from time to time with or without notice make such changes in these rules and regulations as conditions warrant.