

Rules & Regulations



Montebello Land & Water Co.

344 East Madison Avenue
Montebello, California 90640

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SECTION I

COMPANY STOCK

1. STOCK REQUIREMENTS.

Every consumer of water who is an owner of property within the service territory of the Company shall be required to own at least a fractional share of Company stock, or to be a lessee of such an owner, except as follows: City, State and Federal Government, and other Public agencies.

2. TRANSFER OF STOCK

Certificates of stock duly assigned by the party whose name stands on the books of the Company shall be transferred to a new owner of the appurtenant real property within the Company's service territory subject to the rules of the Company, providing there are no delinquencies and that all Company water bills, assessments and other charges are paid in full. Certificate books will be closed for the transfer of stock ten days prior to each stockholders meeting.

When real property within the Company's service territory is sold or otherwise transferred to a new or different owner(s), the Company water stock appurtenant to the subject real property will not be transferred to the new owner(s) unless and until all Company service charges and assessments that have accrued to the old property owner(s) prior to the date of sale or transfer have been satisfied in full.

3. STOCK TRANSFER FEE; LOST CERTIFICATE FEE

The Company will charge a Stock Transfer Fee of \$32.00, payable in advance at the office of the Company, for the transfer of water stock appurtenant to real property within the Company's service territory when the owner or owners of the real property sells or otherwise transfers the real property to a new or different owner(s). The Company shall enter the name of the new owner in the Company's records as the owner of the number of shares appurtenant to the subject property and shall cancel on the books the number of shares so appurtenant to the land in the name of the previous owner of the land. If the new owner requests a stock certificate, then the Company shall issue a stock certificate in the name of the new owner.

If a stock certificate is lost, stolen, or destroyed, a new certificate will be issued upon payment in advance of a fee of \$32.00 and presentation of a properly notarized affidavit stating that the stock certificate has been lost, stolen or destroyed and indemnifying the Company against any claim that may be made against it, including any expense or liability, on account of the alleged loss, theft, or destruction of the certificate or the issuance of the replacement certificate.

4. ISSUANCE OF NEW STOCK CERTIFICATES UPON DISCOVERY OF TRANSFER OF REAL PROPERTY

In the event the Company discovers that real property within the Company's service territory has been sold or otherwise transferred to a new or different owner and the new owner has not requested the transfer of the appurtenant water stock into their name and paid the Stock Transfer Fee, then the following procedures shall be followed:

a. The Company shall mail a notice (the "Notice") to the new owner to advise them that they must transfer the water stock appurtenant to their real property into their name and pay the Stock Transfer Fee.

b. The Notice shall include a Declaration Regarding Property Transfer and Request For Transfer of Water Stock (the "Declaration") which the new owner shall complete and return to the Company along with the Stock Transfer Fee.

c. The Notice shall advise the new owner that if the completed Declaration and Stock Transfer Fee are returned to the Company within 30 days from the date of the Notice, then there will be no additional fees associated with the water stock transfer. The Notice shall further advise the new owner of the actions the Company will take if the Company does not receive the completed Declaration and Stock Transfer Fee within 30 days from the date of the Notice.

d. If the new owner returns the completed Declaration and Stock Transfer Fee to the Company within 30 days from the date of the Notice, then the Company shall enter the name of the new owner in the Company's records as the owner of the number of shares appurtenant to the subject property and shall cancel on the books the number of shares so appurtenant to the land in the name of the previous owner of the land. If the new owner requests a stock certificate, then the Company shall issue a stock certificate in the name of the new owner and mail the stock certificate to the new owner by certified mail, return receipt requested.

e. If the new owner does not return the completed Declaration and Stock Transfer Fee to the Company within 30 days from the date of the Notice, then the Company shall take the following actions:

- (1) Enter the name of the new owner as reflected in a deed of the subject property duly recorded, or a court order duly recorded, as the owner of the number of shares appurtenant to the subject property as shown by the books and records of the Company, and cancel in the Company's records the number of shares so appurtenant to the land in the name of the previous owner of the land; and
- (2) Assess the Stock Transfer Fee to the new owner's account for the Subject Property, which if not timely paid, will result in the discontinuance of water service to the Subject Property until fully paid along with all other unpaid Company service charges for the Subject Property.

5. PENALTIES, INTEREST AND COLLECTION COSTS.

All expenses incurred by the Company in collecting or enforcing payment from a shareholder of any delinquent assessment, charge, or other indebtedness shall be a lien against the stock. Expenses include reasonable attorney's fees incurred by the Company in any proceeding for the enforcement of any lien herein provided for, or the collection of such indebtedness, whether by court action or otherwise, and shall also include all expenses of any sale.

The terms Assessment, charge, toll, or any of them, shall be used, such terms shall be deemed to include, in each and every instance whenever such construction is possible or permissible, all penalties, interest and collection expenses pertaining to such Assessment, charge or toll, or attaching, accruing or resulting from the non-payment thereof when due.

If a shareholder of the Company has not timely paid any rate, charge, or assessment arising from, or related to, water service provided by the Company to the shareholder's property, then as authorized by the Company's Bylaws, after providing at least 20 days written notice to the shareholder, the Board of Directors may authorize the recording of a notice of lien against that shareholder's property to secure the collection of the rates, charges, and assessments owed to the Company by the shareholder.

6. RECORD SHAREHOLDER LIABLE FOR CHARGES.

a. The record shareholder shall be entitled to the delivery of water by the Company to the real property appurtenant to the share or fractional share held by the shareholder, subject to suspension or discontinuance, as herein provided, and shall be personally liable for the payment of all charges, interest, costs and penalties in respect of or on account of such share or fractional share during the time the same are registered in their name on the books of the Company. Such charges, interest, costs and penalties shall also be a lien against the share or fractional share of the shareholder as provided in the Company's Bylaws.

b. The record shareholder may authorize and instruct the Company to bill all charges, interest, costs and penalties in respect of or on account of such share or fractional share to a tenant of the record shareholder in possession of the real property appurtenant to the share or fractional share, or to such other party as the record shareholder may direct, by completing such an authorization in the form required by the Company. Notwithstanding such accommodation by the Company, the record shareholder shall remain responsible for the payment of all charges, interest, costs and penalties in respect of or on account of such share or fractional share during the time the same are registered in their name on the books of the Company.

SECTION II

WATER USE

1. SALE OF WATER

a. **General** – Water will not be sold or delivered to any person other than a shareholder or his assignee, except as follows: City, State and Federal Government, and other Public agencies.

b. **Contractors** – All requests for construction water will be made on approved forms, available in the Company office and accompanied by a deposit in the amount of not less than \$1,000.00 for a meter, and shall be subject to the approval of the General Manager. A one-time charge of \$50.00 will be made to cover the initial set-up and installation of a construction meter at the time of application. This charge will be included with the billing made on the meter. Any costs involved in supplying such connections will be prepaid by the applicant. The applicant shall be responsible for any damage to the meter while it is in the applicant's possession, and in the event of such damage, the applicant must pay all repair and/or replacement costs, plus twenty percent (20%) overhead. Applicant shall notify the Company when he wishes to have service discontinued. Regular commercial rates shall continue until such notice has been received. All water furnished by the Company as construction water must be used on construction projects situated within the Company's service area. Any unauthorized use of construction water shall result in the forfeiture of the applicant's deposit and removal of the construction meter.

2. METER IRREGULARITIES

Should a customer's meter fail to register, the amount of water delivered since the last meter reading shall be estimated by the Company and the customer billed in accordance with Company policy.

3. STOCK CHARGE, MULTI FAMILY UNIT CHARGE, METER CHARGE, AND COMMODITY CHARGE

a. **Stock Charge.** The Stock Charge is an assessment of \$6.00 on each share of Company Stock per billing period. The proceeds are used to maintain the Company's water system infrastructure for the benefit of all shareholders.

b. **Meter Charge and Multi Family Unit Charge.** The Meter Charge and the Multi Family Unit Charge are “readiness-to-serve” charges assessed by the Company. The proceeds from these “readiness-to-serve” charges are used to maintain the community's fire protection system and the Company's water system infrastructure as a whole. These “readiness-to-serve” charges are assessed to each customer connected to the Company's water distribution system, whether or not the customer chooses to use any water. The amounts of these charges are equitably determined according to the anticipated volume of water that can be used by the customer as indicated by the size of their metered connection. For example, the “readiness-to-serve” charge for a 2” meter is higher than for a 1” meter because the capacity of a 2” pipe is 4

times greater than that of a 1” pipe, and therefore, the cost to the Company for it to be ready to serve a 2” meter is much greater than for a 1” meter.

c. Commodity Charge. The Commodity Charge is based on the amount of water used during the applicable billing period. The Company charges for water used by a customer, “water usage charges,” according to the rates set by the Board of Directors and the proceeds of these charges are used to cover the Company's cost of pumping the water out of the ground, treating it, and safely, efficiently, and reliably distributing it to the shareholders. Also, the water rates within the two zones served by the Company, the Booster Zone (BZ), i.e., customers at higher elevations, and the Lower Pressure Zone (LPZ), customers at lower elevations, are different to reflect the additional energy costs required to provide water to the higher elevations.

d. Current Rates. The current Stock Charge, Meter Charge and water rates for the Commodity Charge are set by the Board of Directors and notices of changes thereto are sent out to all shareholders. The current charges may also be referenced on the Company’s website at: www.mtblw.com.

4. BILLING

a. Water bills will be mailed every two months. Only one person, firm or corporation will be billed for water passing through any one meter.

b. Water bills are due and payable upon receipt. Payments are to be made to the office of the Company, 344 E. Madison Avenue, P.O. Box 279, Montebello, CA 90640.

c. Failure to receive a bill does not relieve the customer of the responsibility for on time payment.

d. Bills are due and payable upon receipt and if not paid they become delinquent after 21 days.

e. After hours payments can be made at the mail box located at the entrance of the 344 E. Madison Ave. office.

f. Delinquent Fee – A \$10.00 delinquent fee is automatically assessed to the customer’s account after 4:30 p.m. on the 21st day following the date of the bill.

g. After the 28th day following the date of the bill, the Company will mail a final notice informing a delinquent customer of the date their water service will be shut off if payment is not received. This will be the last mailed notice before service is discontinued. If payment is not received by the close of business of the third business day prior to the noticed shutoff date, then a 48-hour warning tag (“Red Tag”) will be hung at each residential unit that will be affected by the shutoff and a \$5.00 “Red Tag” Fee will be assessed for each tag.

h. Disconnect Fee – A fee of \$25.00 is assessed to the customer’s account when a Company representative is sent out to shut off water service due to nonpayment.

i. Reconnect Fee – Following a shut off of water service due to nonpayment, in addition to unpaid service charges, the Delinquent Fee, the Red Tag Fee, and the Disconnect Fee, a Reconnect Fee also must be paid in the amount of \$25.00 provided the customer requests to have the water turned on during normal business hours (BETWEEN 8:30 AM AND 4:30 PM MONDAY THROUGH FRIDAY). The Reconnect Fee will be \$50.00 if the customer’s request to resume water service requires that a Company representative turn on the water outside of normal business hours.

j. Following a shut off of water service due to nonpayment, if the Company discovers that the customer’s service has been turned back on without Company authorization, then the Company shall assess an additional penalty of \$150.00, plus any repair costs, to the customer’s account.

k. Returned Check Fee – A fee of \$20.00 is assessed when a check is returned from the bank for any reason. Returned checks shall be redeemed at the office, 344 E. Madison Avenue, Montebello, CA 90640, by payment in cash, cashier’s check, or money order. Accounts with a returned check must be paid in full by the end of the month to avoid Shut Off.

l. All bills for repairs, labor or material, must be paid immediately upon rendering of bill, otherwise service may be discontinued.

m. Protests on claimed errors in bills must be made in writing to the Company.

SECTION III

COMPANY PROPERTY

1. DAMAGE TO METERS, PIPE LINES, FIRE HYDRANTS, ETC.

It is unlawful for any person other than an employee of the Company to alter, disturb or interfere with any meter, pipe line, fire hydrant, or connection, unless a specific permit to do so is first obtained from the Company. The water user will be held liable for any damage resulting from a violation of this rule.

2. DAMAGE CAUSED BY PLUMBERS OR OTHERS

Any individual connecting a service pipe to the property side of a meter for testing the pipes, must leave the service box in good condition. It should be straight and level with the curb and sidewalk, and the water turned on, or off, as found. Any damage caused to the meter, service box or Company-side connection to the meter will be charged to the shareholder assigned to the meter.

3. CROSS CONNECTIONS

No individual shall connect, cross connect, or maintain any device or receptacle connected to any water line pipe or conduit, if the installation will make possible any contamination or pollution of such water supply, or to the water in the pipe lines of the

Company. No person shall install or allow any inlet or outlet to exist, discharging water supplied by the Company into any tank or receptacle, for storage or use of water without an approved vacuum breaker valve installed in the line. No fertilizer, chemicals, or foreign substances shall be used in a manner that would permit them to be siphoned into any pipe line of the Company. A violation of any of these rules or regulations shall give the Company a right to suspend the supply of water to such violator and to collect damages, including reasonable attorney's fees and court costs, as may be awarded by any court.

4. PROSECUTION

Destruction of and/or interference with any of the mains, pipe lines, fittings, services, padlocks or personal property of the Company, or any illegal or unauthorized use of water owned and/or produced by the Company, shall be prosecuted.

5. METER TESTING

Upon request to the Company, a consumer may have their meter tested. The customer will be billed for the cost of the test. If the meter proves defective, it will be replaced and no charge made for either the testing or replacement meter.

6. COMPLAINTS

Consumers are requested to report to the office any leaks, failure of delivery, or other matters, requiring the attention of the Manager. All complaints for the attention of the Board of Directors must be in writing and filed with the Secretary, to be read at the next meeting of the Board.

SECTION IV

INSTALLATION OF METERS, MAINS AND SERVICE CONNECTIONS

1. GENERAL MANAGER

The entire system of the Company is under the supervision of the General Manager, subject to the policies of the Board of Directors.

2. METER LOCATION AND SIZE REQUIREMENTS

a. Individual Metering – It is the Company's policy that each property parcel within the Company's service area shall have at least one meter for water service. Each dwelling unit in multi-residential properties shall be served by its own individual water meter, and businesses located on commercial and industrial properties shall be served by their own individual meter. Properties with legacy construction, which does not comply with this policy shall be required, upon reconstruction or major renovations, to be designed with piping systems that will accommodate an individual water meter for each dwelling unit or business located thereon.

b. Meter Location – The Company determines the location of the water meter. It is the policy of the Company to place the meter inside the curb line in the parkway, centered approximately between the lot line and the driveway.

c. Meter Size – The Company’s General Manager shall determine the minimum size for all water meters utilizing the procedures described in Appendix A, Recommended Rules for Sizing the Water Supply System, of the 2001 California Plumbing Code (the “Code”). Water demand to be served through a water meter shall be determined from the total fixture units utilizing Table A-2 of Appendix A, and Charts A-2 and A-3 of Appendix A of the Code. The velocity through the water meter and the service pipe from the Company’s main pipeline to the water meter shall not exceed seven (7) feet per second. Service pipe size and meter size shall be increased, if needed, to be able to accommodate demand at proper pressures. All Company shareholders shall abide by the General Manager’s determinations as provided herein regarding the minimum size of water meters.

3. DEPOSIT

All applications for new connections, extensions or changes of pipe lines or meters must be accompanied by a deposit estimated by the Company. If deposit is found to be insufficient, the applicant shall be liable for the balance.

4. INSTALLATION

All new meter installations, connections, fire hydrants, installation of mains, alterations and changes, including setting and resetting meters, shall be done by the Company. If enlargements of a water meter should become necessary, the applicant will be required to pay the cost, plus 20 percent to cover the Company’s overhead.

5. MINIMUM MAIN SIZE

Six inch, cement-lined, ductile iron pipe is the minimum size the Company will install.

6. METER OBSTRUCTION

a. A shareholder must advise the Company in advance before undertaking any construction or landscaping work that may obstruct access to a Company meter or meters, or any other Company facility installed on the shareholder’s property.

b. When a shareholder or their tenant has created and/or is maintaining an obstruction or condition which denies Company personnel safe access to a meter or meters, or any other Company facility installed on a shareholder’s property, then the Company shall post and mail a written demand to the shareholder and any others in possession of the property to remove the obstruction or condition. If seven (7) days after posting and mailing the written demand to remove the obstruction or condition the obstruction or condition remains in place and no other arrangements have been made with the Company, then the Company may remove, at the shareholder’s expense, a sufficient portion of the obstruction or condition to establish unobstructed and safe access to the meter or meters, or other Company facility installed on the shareholder’s property. The cost of all work required to enable unobstructed and safe access to

the meter or meters, or other Company facility installed on the shareholder's property shall be added to the shareholder's account and such charges, interest, costs and penalties shall also be a lien against the share or fractional share of the shareholder as provided in the Company's Bylaws.

7. EASEMENTS AND RIGHTS OF WAY

All applications for services shall grant to the Company such easements and rights of way necessary for the installation, maintenance, operation and replacement of pipe lines, connections and meters, as may be required. Company personnel shall have the right at all times to enter a shareholder's premises to properly maintain the Company's water system. Easements and rights of way shall be kept free and clear of obstructions that would interfere with the operation of Company equipment. The shareholder is responsible for damage to Company property on easements or for costs in removing obstructions over easements and rights of way.

8. WILL-SERVE LETTERS AND PAYMENT FOR ACQUISITION OF WATER RIGHTS

Subject to the provisions of this regulation, the Company will provide a will-serve letter upon request to satisfy requirements for a new development within the Company's service area. If a proposed project (the "Project") will create an increase in the water demand from the historical water usage at the Project site, then a will-serve letter will not be provided unless the developer or owner of the Project site compensates the Company for the acquisition of necessary water rights (known under the Central Basin Judgment, as amended, applicable to the area of Los Angeles County where the Project is located as "Allowed Pumping Allocation") to provide potable water to satisfy the anticipated needs of the Project. Upon receipt of a request for a will-serve letter, the Company will prepare a water demand assessment for the Project (the "Demand Assessment"). The Company will calculate the acre-feet per year of potable water that will be necessary to serve the Project. The Company will also determine the historical water usage at the Project site. The Demand Assessment will be the difference between the projected water usage of the Project and the historical water usage at the Project site and shall establish the number of acre-feet of additional Allowed Pumping Allocation required to support the Project. As a condition for a will-serve letter, the developer or owner of the Project site shall compensate the Company in the amount equal to the current fair market value of the required number of acre-feet of Central Basin Allowed Pumping Allocation,, which compensation the Company shall use to obtain the necessary Allowed Pumping Allocation. Alternatively, the developer or owner of the Project site may independently acquire the necessary number of acre-feet of Central Basin Allowed Pumping Allocation and assign it to the Company.

9. EMERGENCY SHUT-OFF

The Company will have the right, in an emergency, to turn the water off or on, without notice. The Company shall not be liable for loss or damage when water is shut off in an emergency or for failure to deliver water because of strikes, fires, flood, action of elements, loss of pressure, war, or other causes beyond its control.

10. WATER PRESSURE VARIATIONS

The Company shall not be responsible for loss or damage resulting from variations of water pressure or for any leaks occurring on the shareholder's side of a meter.

11. REQUESTS TO REMOVE AND/OR REINSTALL WATER METERS

A Company shareholder may request that the meter for their property be removed and/or reinstalled. The Company will assess a fee of \$50.00 to the shareholder's account for either of these services. No Meter Charge or Commodity Charge will accrue to the account for the subject property during the time the meter is removed. Whether or not a meter is installed at a property, the Company will bill the Stock Charge for the subject property to the shareholder's account on a bi-monthly basis.

APPROVAL OF BOARD OF DIRECTORS

The revised Rules and Regulations contained herein were adopted by the Board of Director's at a regular meeting held on March 12, 2019, in accordance with the Bylaws of the Company. These Rules and Regulations may be amended, or changed, from time to time by the Board of Directors.