

WN U-2
SUBSTITUTE ORIGINAL SHEET NO. 15.1

H&R WATERWORKS, INC.

For Commission's Receipt Stamp

WATER SERVICE
RULES AND REGULATIONS

RULE 21 - Water Budgets

(N)

The purpose of this rule is to address water use, demand, conservation monitoring and Limitations.

The company monitors, reports and may regulate water use of customers for purposes of:

1. water use efficiency,
2. compliance with Department of Ecology (DOE) and Department of Health (DOH) rules and reporting requirements, or
3. remaining within DOE approved water right quantities for each of its service areas.

The company correlates water use demand with implementation of water conservation measures to determine the effectiveness of water conservation measures in achieving water use goals and the need for additional measures. Water use and demand varies based on factors such as family size (Indoor Use) and lot size (Outdoor Use). Water use and water conservation are major components of water management. A significant focus of water conservation activities is on landscape irrigation water supply use (Outdoor Budget).

The company will, from time to time, evaluate and analyze the water use of its individual water system service areas which may be used to determine water budgets. The company's evaluation, analysis and determination may encompass but is not limited to:

1. customer use,
2. levels of use related to existing water rights,
3. the effectiveness of conservation measures, which may be voluntary or mandatory requests by the company to limit water consumption, and
4. the necessity to implement and require customer compliance with customer specific Indoor and Outdoor Water Budgets.

Issued: August 29, 2016

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Issued by: H&R Waterworks, Inc.

By: Stephen L. Harrington

Title: General Manager

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RULE 21 - Water Budgets (continued)

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Customer Specific Indoor/Outdoor Water Budgets

Water Budgets encourage responsible and efficient water use where their implementation is necessary based on analysis of use, demand and applicable water quantities available under water rights established by DOE. Water Budgets help customers understand what constitutes reasonable water usage for their service.

The company calculates annual water budgets individually for all services based on historical weather patterns, lot size and size of landscaped area, number of days in a bill cycle, and Indoor Use. Outdoor Budgets are calculated based on average rainfall, the consumptive use by turf, trees, plants and shrubs, and average consumptive and evapotranspiration rates in the company's service areas. An Indoor Budget is set for Indoor Use on average household population. Month by month quantities for an overall budget based on Indoor Budget and Outdoor Budget are set forth for each customer in their Water Budget.

Indoor Budgets are adjustable above the quantity set by the company based on average household population by filing of a Household Population Adjustment Application. This additional quantity for Indoor Use is subject to modification based on notification by customer or as a result of audit by the company.

Managing Customers who Exceed Their Indoor/Outdoor Water Budget

When Indoor/Outdoor water budgeting is implemented by the company, customers on specific systems will receive individual customer Indoor/Outdoor Budgets, with budget water quantity amounts shown month by month on the customer's bill for an annual total.

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If at any point a customer exceeds its Total Monthly Water Budget (the Total Monthly Water Budget is the sum of the Indoor Budget and Outdoor Budget for a billing period) by more than 50% in any one billing period that customer is subject to restricted water service. Such customer service **will not be discontinued or disconnected**; rather a flow restrictor will be installed by the company. Written notice and advice of pending installation of such flow restrictor installation will be hand delivered to the customer's service address. Such notice shall indicate that installation of a flow restrictor by the company will occur without further notice not sooner than twenty-four hours after hand delivery of the door hanger notice. Such notice will include instructions on how to restore normal metered service. The company will verify the excessive usage quantity has occurred through a meter before service of the notice.

Restoration of Normal Metered Service

Restoration of normal metered service by the company will occur only under the following conditions:

1. if the customer account is current,
2. during the company's normal business hours, and
3. within twenty-four hours following receipt of a fully completed and signed service restoration application from customer.

Such service restoration application requires that the customer acknowledges its responsibility to limit water use so that the customer stays within the customer's Total Monthly Water Budget.

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Company/Customer Responsibilities

There is a single service visit charge of \$25.00 to the customer for any combination of the following: the delivery of notice, installation of the flow restrictor and removal of the flow restrictor, which is company property. Further, any consumption which occurs while the flow restrictor is in place will be billed at current rates to insure proper accounting of water consumption in accordance with the established DOH Water Use Efficiency rule requirements.

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