

WN U-2
ORIGINAL SHEET NO. 15.1

H&R WATERWORKS, INC.

For Commission's Receipt Stamp

WATER SERVICE
RULES AND REGULATIONS

RULE 21 - Water Use, Demand, Conservation Monitoring and Limitations - Water Budgets

(N)

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

1. water use efficiency,
2. compliance with applicable state agency rules and reporting requirements, or
3. remaining within approved water right quantities as appropriate 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/demand 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, as needed, 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.

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Issued by: H&R Waterworks, Inc.

By: Stephen L. Harrington

Title: General Manager

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RULES AND REGULATIONS

RULE 21 - Water Use, Demand, Conservation Monitoring and Limitations - Water Budgets (continued)

(N)

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. Water Budgets help customers understand what constitutes reasonable water usage for their home, business and outdoor area.

The company calculates annual water budgets individually for all residential and business/commercial customers based on historical weather patterns, 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 size. 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 size by filing of an Indoor Water Budget 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 Budget During Peak Use Months

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 their bill for an annual total. A separate notice of implementation of the Indoor/Outdoor Budget program will be sent by either email or US Mail,

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(N)

Managing Customers who Exceed Their Indoor/Outdoor Budget During Peak Use Months (continued)

if email notice has not been established by the customer, to each affected customer. Such notice will provide for at least three business days' notice prior to implementation of the Indoor/Outdoor Budgets.

If at any point a customer exceeds its Total Monthly Budget (the Total Monthly 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 and by email if available. Such notice shall indicate that installation of a flow restrictor by the company will occur without further notice not sooner than three business days after hand or email delivery of such notice. The company will verify the excessive usage quantity has occurred through an on-site inspection before service of such notice.

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 one business day following receipt of a fully completed and signed service restoration application from customer.

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Managing Customers who Exceed Their Indoor/Outdoor Budget During Peak Use Months (continued)

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

Company/Customer Responsibilities

There is no charge by company for the delivery of notice or for installation 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 state Water Use Efficiency rule requirements.

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