RULES AND REGULATIONS OF
SILVER CREEK WATER CORPORATION

I. SERVICE APPLICATION.

a. Each single-family residence and/or each individual living unit shall be metered separately. All others must be approved by the Utility as to number and size of meters required. Any variations from this rule must be approved by the Utility.

b. Violation of any of the provisions of these rules, by-laws or any other regulations of Utility may require the removal of the meter and/or discontinuance of service. When the meter is thereafter installed, the member shall first pay to the utility the prevailing reinstallation charge.

c. The individual in whose name the membership certificate is prepared shall be responsible for the payment of bills incurred in connection with this service rendered.

II. CHARGES FOR SERVICE.

a. Rates and charges for all services shall be in accordance with the rates and charges approved and on file with the Indiana Utility Regulatory Commission.

b. The flat minimum rate, as set up in the water rate schedule, shall be payable irrespective of seasonal use.

c. In addition to the collection of regular rates, the Utility may collect from the member a proportionate share of any privilege, sales or use tax or impositions based upon gross revenue received by the utility.

d. If a person applies for membership and has debt from a previous membership, they are required to pay the debt in full as well as the prevailing membership fee.

III. SILVER CREEK WATER'S LIABILITY.

a. The Utility does not assume the responsibility of inspecting the member's premises, his piping or apparatus and will not be responsible therefor.

b. The Utility reserves the right to refuse service unless member's lines or piping are installed in such a manner as to prevent cross connections or back-flows.

c. The Water Utility shall not be liable for damage of any kind whatsoever resulting from water on the member's premises, unless such damage results directly from negligence on the part of the utility. The utility shall not be responsible for any damage done or resulting from any defects in piping, fixtures, or appliances on the member's premises. The company shall not be responsible for negligence of third persons or forces beyond the control of the utility resulting in any interruption of service.

IV. MEMBER'S RESPONSIBILITY

a. Piping on the premises of the member must be so installed that the connections are conveniently located with respect to utility's lines and mains.

b. If the Utility decides additional meters are necessary, each place of metering will be considered as a separate and individual account.

c. The member's meter(s) shall be unobstructed and accessible at all times.

d. The member shall furnish and maintain a private cutoff valve on the member's service line. The utility is to provide a valve on the Utility side of the meter.

e. The member's piping and apparatus shall be installed and maintained by the member at the member's expense in a safe and efficient manner and in accordance with Utility's rules and regulations and in full compliance with sanitary regulations of the Indiana Department of Environmental Management (IDEM).

f. The member shall guarantee proper protection for the Utility's property placed on the member's premises and shall permit access to it only by authorized representatives of the Utility.

g. In the event that any loss or damage to the property of the Utility or any accident or injury to persons or property is caused by results from the negligence or wrongful act of the member, his agent or employees, the cost of the necessary repairs or replacements shall be paid for by the member.

h. The amount of such loss or damage of the cost of repairs shall be added to the member's bill and if not paid, service may be discontinued by the Utility.

i. Water furnished by the Utility shall be used for domestic consumption by the member and/or members of his household, and employees only. Members shall not sell water to any other person or permit any other person to use said water, unless approved by the Utility. Water shall not be used for irrigation, fire protection, or other purposes, except when water is available in sufficient quantity without interfering with the regular domestic consumption, then the water may be used for any other purpose. Disregard for this rule shall be sufficient cause for refusal or discontinuance of service.

j. Water Pressure: The utility shall not be responsible for damages to real or personal property as a result of excessive water pressures. If the member's water pressure exceeds 60 psi, it is recommended that the member install a pressure regulator or pressure reducing valve, at members expense, at the entry to the water system on the member's service line.

V. SUSPENSION OF SERVICE.

A. When services are discontinued and all bills paid, membership certificates will be purchased by the Utility for the amount of the membership previously paid, by tendering said membership certificate by said member, his heirs, or legal representative(s) to the Utility.

B. Upon discontinuance of service for non-payment of bills the amount of the membership previously paid will be applied by the Utility toward settlement of the account. Any balance will be refunded to the member, but if the membership is not sufficient to cover the bill, the company may proceed to collect the balance in the usual way provided by law for the collection of debts.

C. Service discontinued for non-payment of bills will be restored only after all delinquent bills and applicable charges are paid in full.

D. The Utility may disconnect service without request by the customer and without prior notice only:

1. If a condition dangerous or hazardous to life, physical safety or property exists; or

2. Upon order by any court, the Commission or other duly authorized public authority; or

3. If fraudulent or unauthorized use of water is detected and the Utility has reasonable grounds to believe the affected customer is responsible for such use; or

4. If the Utility's regulating or measuring equipment has been tampered with and the Utility has reasonable grounds to believe that the affected customer is responsible for such tampering;

5. In all other instances, the Utility may disconnect service, subject to the other provisions of these rules, upon providing the customer with proper notice according to Indiana Utility Regulatory Commission Rules.

VI. MEMBER BILLING COMPLAINTS

A. If the member believes his bill to be in error, he shall present his claim, in person or in writing, to the Board of Directors of the Utility, before the bill becomes delinquent. The member may pay such bill under protest and said payment shall not prejudice his claim.

B. The Utility will make special meter readings at the request of the member for a fee at the prevailing rate, provided, however, that if such special reading discloses that the meter was over read, no charge will be made.

C. The Utility shall make a test of the accuracy of a meter upon request by a member. A second test of the member's meter may be requested after twelve (12) months. The customer may be required to bear the full cost of any subsequent test of his meter if requested at less than thirty-six (36) months after the preceding test.

VII. ADJUSTMENT OF BILLS.

A. **Adjustment Due to Meter Error**. If any meter is found to have a percentage of error greater than that allowed under Indiana Utility Regulatory Commission, the following provisions for the adjustment of bills shall be observed.

(1) **Fast Meters**. When a meter is found to have a positive average error, i.e., is fast, in excess of two (2%) percent, the Utility shall refund or credit the customers account with the amount in excess of that determined to be an average charge for one-half of the time elapsed since the previous test, or one (1) year, whichever period is shorter. This average shall be calculated on the basis of units registered on the meter over corresponding periods either prior or subsequent to the period for which the meter is determined to be fast. No part or minimum charge need be refunded.

(2) **Stopped or Slow Meters**. When a meter is stopped or has a negative average error, i.e., is slow in excess of two (2%) percent, the Utility may charge the customer an amount estimated to be an average charge for one half of the time elapsed since the previous test or one (1) year whichever period is shorter. This average charge shall be calculated on the basis of the units registered on the meter over corresponding periods either prior or subsequent to the period for which the meter is determined to be slow or stopped. Such action may be taken only in cases where the Utility is not at fault for allowing the stopped or slow meter to remain in service.

B. **Adjustment for Interruption of Service.**
In the event the customer's service is interrupted for a reason other than an act of the customer, or the condition of customer controlled equipment, and the service remains interrupted for more than two (2) days after being reported to be out of order, appropriate adjustments or refunds shall be made to the customer. The Utility shall file with the Commission a tariff detailing the method and amount of refund in such cases.

C. **Other Billing Adjustments.**
All other billing errors, including incorrect tariff applications, may be adjusted to the known date of error or for a period of one (1) year whichever period is shorter.

VIII. ABRIDGEMENT OR MODIFICATION OF RULES.

A. No promise, agreement, or representation of any employee of the Utility shall be binding upon the Utility, except as it has been agreed upon in writing, signed and accepted by the acknowledged officers of the Utility.

B. No modification or rates or any of the rules and regulations shall be made by any agent of the Utility.

CERTIFICATE

STATE OF INDIANA)
SS:
COUNTY OF CLARK)

I, Patricia Byrd, Secretary of the Utility, a not-for-profit corporation organized and existing under the laws of the State of Indiana, hereby certify that the attached and foregoing Rules and Regulations and By-Laws are a true and correct copy of said Rules and Regulations and By-Laws adopted by said board on the 6th day of March 1978.

Dated at Sellersburg, Indiana this _____day of _____, 2003.

Patricia Byrd,
Secretary

(SEAL)