

**RULES AND REGULATIONS
Governing the Use, Distribution,
and Charges for Water Service in
Dudley Ridge Water District**

Adopted by the Board of Directors
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RULE	DESCRIPTION	PAGE
1.	Control of District Facilities	3
2.	Use of District Facilities	3
3.	Access to Premises of Landowners	4
4.	Requests to Enter into the Water Service Area	4
5.	Applications for Water	4
6.	Transfers of Water	6
7.	Supplemental Water	6
8.	Water Use Priorities	7
9.	Revisions of Water Schedule	9
10.	Daily Water Orders	9
11.	Water Charges	9
12.	Delinquent Charges	10
13.	Credits and Refunds	11
14.	Cost Reimbursement for Authorized Improvements to District Facilities	11
15.	Non-Liability of District	11
16.	Compliance with Rules	12

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These Rules and Regulations are adopted pursuant to Section 35423 of the Water Code of the State of California, are intended to assist the Board of Directors in providing economic management to effect orderly, efficient, and equitable distribution and use of water within the District, and may be amended or repealed at any regular meeting of the Board of Directors or at any special meeting called for that purpose.

The Board of Directors requests cooperation of all Landowners and Water Users in compliance with these Rules and Regulations to permit water to be distributed in an orderly manner, so that Water Users can be served with some regularity and receive equivalent benefits from water service.

As used in these Rules and Regulations, the following terms have the meanings set forth:

District's Water Service Area: Those parcels of land within the District which have an allocation for State Water Project ("SWP") Table "A" water for which water from the District has been requested and approved at any time. Land for which a water allocation has been requested and approved in any previous year will be considered inside the District's Water Service Area even if no water has been requested or applied for with respect to that land for the current year. Subordinately annexed lands are excluded from the District's Water Service Area, except subordinately annexed lands which, by virtue of a contract with the District, receive an annual allocation for SWP Table "A" water as the result of an approved transfer.

Table "A" Contract Water: The water provided to the District pursuant to the District's Water Supply Contract with the State of California Department of Water Resources ("DWR") which is allocated to the District and identified on Table "A" of such Water Supply Contract.

Landowner: Any individual or legal entity owning real property within the District.

Water User: Any individual or entity eligible for and properly requesting or applying for water from the District, whether or not such individual or entity is a Landowner.

SWP Fixed Costs: All SWP annual costs imposed on the District by the DWR related to the Districts' Table "A" Water Supply Contract, excluding charges associated with water delivery quantities (i.e., Variable OMP&R and Off-Aqueduct charges) and excluding credits derived from the Agricultural Rate Management Trust Fund.

Rule 1. CONTROL OF DISTRICT FACILITIES

The operation and maintenance of the facilities of the District shall be under the exclusive management and control of the Board of Directors, the Manager, or a duly appointed representative. The District shall have control of all diverting gates, pumps, weirs, and private ditches up to and including the point of measurement, to such extent as may be necessary to regulate and measure the flow of water, but the District shall not assume or incur any liability for the maintenance or repair or privately-owned gates, pumps, weirs, or other appurtenances. No unauthorized person(s) shall interfere with District facilities in any manner, including, but not limited to, the opening, closing, or regulating of any of the District's valves, gates, or turnouts unless so directed by the Board of Directors or the Manager.

Any damage to District facilities or property resulting from such unauthorized action by the Water Users shall be the responsibility of the Water User or Landowner making such use of the property or facilities. If satisfactory repairs are not made promptly by the responsible individuals, the District will make the necessary repairs and appropriately charge the responsible individual.

An emergency condition exists when there is risk of damage to the District's distribution system, life, or property. The District reserves the right to terminate water service to any Water User during an emergency condition.

Rule 2. USE OF DISTRICT FACILITIES

The District owns, operates, and maintains service roads along its canals for access to canal check gates, distribution laterals, and mainline valves. These roads shall not be used by anything but pickup trucks and automotive-type traffic. Landowners and Water Users are requested to refrain from using the service roads during rainy periods when traffic may make the road impassable or damage the roads. In addition to the canal service roads, the District has obtained a right-of-way (easement) for access along each of the District's pipelines and distribution laterals. Access to District facilities on pipelines and laterals is essential. All rights-of-way along District pipelines shall be kept open and free of obstructions, fences, or buildings. Water Users shall also insure that irrigation water or tailwater is not applied or allowed to collect on the District's access roads or rights-of-way.

It is the responsibility of each Water User to prudently manage the water supply received from the District or through District-operated facilities. Water (tailwater, wastewater, drainage, groundwater, and/or filter backwash water) shall be maintained on the Water User's lands and not be discharged to the District's rights-of-way or facilities or to another Landowner's lands without written authorization from the appropriate party (the District and, if appropriate, the affected Landowner(s)). Any and all discharges onto District rights-of-way or facilities must be requested and approved in advance by the District. If the Water User requesting the discharge of water to the District's facilities is the only Water User downstream of said discharge, it is the

intent of the District to authorize such requests. Authorization may be revoked by the District if the District, other Water Users, and/or other Landowners are determined to be adversely impacted by the discharge.

Water Users shall not be allowed to discharge chemicals onto the District's rights-of-way or facilities or onto another Landowner's lands. Water Users' or Landowners' chemical feed systems shall be installed and operated to avoid such discharges.

The facilities of the District distribution system shall not be used for the application of fertilizers, pesticides, or chemicals. All Water Users shall use utmost caution in applying airborne pesticides and chemicals to lands adjacent to the District's canals to ensure that the materials being applied by air do not drift into the canals.

No rubbish, garbage, manure, refuse, waste excavation, or foreign material of any type shall be placed or allowed to be placed in any District canal or along any of the District's rights-of-way.

Failure to comply with this rule shall be sufficient cause for immediate termination of water deliveries until the District is satisfied that adequate measures have been made to remedy the violation. The District's enforcement of this rule and the interruption of water deliveries pursuant hereto shall not result in any liability to the District, its officers, agents, or employees.

Rule 3. ACCESS TO PREMISES OF LANDOWNERS

The authorized agents of the District shall have free access at all times to all lands irrigated from District facilities, and to all canals, laterals, pipelines and ditches, for the purposes of the District.

Rule 4. REQUESTS TO ENTER INTO THE WATER SERVICE AREA

Landowners with lands within the District boundaries, but not currently within the District's Water Service Area, may request to enter into the District's Water Service Area in accordance with the **"Policy for Approving Landowner Requests for Land to Enter the Standby Charge Service Area"** adopted by the Board of Directors on August 13, 1997, or as subsequently amended or restated.

Rule 5. APPLICATIONS FOR WATER

Each acre of land in the District's Water Service Area (excepting those subordinately annexed lands which, by virtue of a contract with the District, receive an annual allocation for SWP Table "A" water as a result of an approved Table "A" transfer) shall be allocated the same quantity of Table "A" Contract Water such that the total is equal to Table "A" Contract Water which is available to the District. Any other water available to the District, including water not needed by Water Users, shall be offered to the other Water Users as it becomes available; if requests for such other water exceed the supply for water available, the water shall be

allocated in proportion to the Water Service Area acreage attributed to each requesting Water User, up to the Water User's request.

If a Water User or Landowner acquires additional water through temporary or permanent water transfers, above the water otherwise available to the District through its Water Supply Contract, said Water User or Landowner shall have full use of that water subject to any terms and conditions associated with the additional water.

On or before October 1 of each year, the District shall, on behalf of its Landowners and Water Users, submit in writing to the DWR a preliminary delivery schedule of Table "A" Contract Water based on information available to the District at the time based on the District's full Table "A" amount, previous delivery records, and/or other pertinent information provided by the Landowners and Water Users.

Upon receipt of the District's initial SWP water allocation in December of each year, the District shall notify all Water Users in the Water Service Area of their initial allocation. Following subsequent changes to the SWP water allocation by the DWR, the District shall notify Water Users of such updated information. As the annual SWP Table "A" allocation firms up, the District will coordinate with Water Users to determine the Water Users' water use plans for the current year relating to (a) scheduling the delivery of the water for use within the District, (b) requesting Supplemental Water that may be available to the District (i.e., SWP Article 21 Water, SWP Turnback Pool Water, Dry Year Water Purchase Programs, and similar), (c) releasing all or a portion of their water for purchase by or transfer to other District Water Users, and/or (d) requesting a temporary transfer of water in to or out of the District.

If a Water User has not informed the District of their intentions as described above or has not scheduled all of their water allocation by April 1, the Landowner's water allocation that has not been scheduled for the year ("Unscheduled Water") will be made available for purchase by District Water Users at the SWP fixed cost (based on the current year's budget and the water allocation at the time of the purchase request) prior to April 20. Landowners whose water has been unscheduled and subsequently purchased by other Water Users, shall be reimbursed the SWP fixed cost paid by the purchaser(s).

Any Unscheduled Water remaining after April 20 will be made available for purchase by District Water Users as determined by the Board, which may include implementing options that may be available at the time, including (but not limited to) banking water for use in a future year(s), exchanges with other water districts or Water Users, and/or making water available at a minimal cost, on a first-come basis, to any District Water User that is not delinquent on any District charges. The District shall have no obligation to make any reimbursements to Landowners for Unscheduled Water remaining after May 1.

Rule 6. TRANSFERS OF WATER

Temporary Transfers

Internal transfers between Landowners shall be allowed to meet in-District demands, providing that the transfers do not conflict with the District's Rules and Regulations and District policies. The District must receive written confirmation of the transfer signed by each affected Landowner, and each Landowner shall remain responsible for their respective payments of standby charges, improvement district charges, water toll charges, benefit assessments, and other charges levied by the District.

The District allows for temporary transfers of in to and out of the District under the conditions described in the "**Policy for the Temporary Transfer of Water to or from the Dudley Ridge Water District**" adopted by the Board of Directors on December 8, 2010, or as subsequently amended or restated.

In the case of an exchange to an unrelated party outside of the District, District Landowners shall have the option of "first right-of-refusal" to the water made available at the same terms and conditions offered to the unrelated party. All District charges associated with the water transferred as part of such an exchange outside the District must be paid prior to District authorization to release the transferred water except if the water is transferred to a District-approved banking or exchange program.

Permanent Transfers

The District allows for permanent transfers of Table "A" amounts to a non-District water purveyor under the conditions described in the "**Policy for the Permanent Transfer of SWP Table "A" Water Outside of Dudley Ridge Water District**" adopted by the Board of Directors on April 8, 2009, or as subsequently amended or restated.

Rule 7. SUPPLEMENTAL WATER

In the event the District has opportunities to obtain supplemental water (non-SWP water that is not generally available to all SWP contractors) via District agreements or through a consortium of other water districts (e.g., the five Westside districts collaborating on supplemental water purchases since 2008), District staff will email each Water User requesting the Water User to update their water needs (quantities) and pricing limits (maximum price) for supplemental water. Both District staff and Water Users should continue to maintain periodic informal communications to verify or revise estimated needs (quantities) and pricing limits (maximum price) for supplemental water purchases. District staff will either include or exclude a Water User(s) from pending water acquisitions based on the most recent information available to staff at the time a decision is needed for a specific acquisition. If time allows for Water Users to make a 'yes' or 'no' decision on a pending purchase, District staff will email each Water User's responsible representative for a quick (1-3 days typical) response. If no response is received within the needed timeframe, the default would be to include or exclude a non-responsive Water User based on the most recent information of that Water User's needs (quantities) and

pricing limits (maximum price). Once the District's obligation is made to acquire supplemental water, each Water User is obligated to purchase and pay for their portion of the acquired water unless the Water User is able to transfer that water to another Water User within the District.

Rule 8. WATER USE PRIORITIES

Water Users have the flexibility to use their allocated water supplies for delivery to District lands (including subordinate lands and lands outside the Water Service Area) and/or transfers of water to outside the District (including banking programs, Landowner transfers, and exchanges), subject to these Rules and Regulations. Such allocated water supplies may include Table "A" Contract Water, SWP Article 21 water, SWP Turnback Pool water, supplemental water purchase programs such as dry year water purchases, other water supplies made available by the District, or other supplies acquired by a Landowner or Water User, subject to the terms and restrictions associated with such supplies, if any.

It is the District's intent to maximize the delivery of water that is available to and can be beneficially used by District Water Users. Accordingly, when SWP Carryover Water is available as of January 1 of any given year, the District will temporarily allocate said Carryover Water, to the extent Carryover Water remains available, to all Water Users taking delivery of SWP water, whether within the District or delivered via an approved transfer or exchange outside the District. After all Carryover Water has been used or lost, the District will reallocate an equivalent quantity of the current year's Table "A" Contract Water from Water Users who were temporarily allocated Carryover Water (from another Water User's Carryover Water account) to the Table "A" allocation of the Water Users whose Carryover Water was used by others.

The reallocation process occurs each month that Carryover Water remains in storage and is detailed as follows:

Step 1. Account for carryover participants' individual Carryover Water use.

At the end of each month, water used directly by the carryover participants is subtracted from their Carryover Water amount at the beginning of that month.

Step 2. Allocate water used by non-carryover participants.

Water used by non-carryover participants is proportionally allocated, up to the carryover participants' remaining carryover amount, by the carryover participants' proportionate share of Table "A" allocation.

Step 3. Reallocate remaining water.

If the reallocated amount exceeds an individual carryover participant's remaining carryover, the amount remaining is reallocated again, up to the remaining carryover participants' carryover amount, by the remaining carryover participants' proportionate share of Table "A" allocation. This process continues until all the carryover has been delivered or is displaced in San Luis Reservoir (spills) and is lost.

The following table illustrates the allocation process.

Illustration of Carryover Water Accounting					
With Reallocations Based on Table "A" Allocation Percentages					
	Water User A	Water User B	Water User C	Other Water Users	Total
Current year allocation, af	19,546	17,823	4,081	1,900	43,350
Percent of Table "A" (among District Water Users)	43.1	39.3	9.0	8.6	100.0
January					
<u>Step 1. Account for Individual Use.</u>					
Carryover from previous year, af	2,000	1,000	500		3,500
Percent of Table "A" (among carryover participants)	47.2	43.0	9.8		100.0
Water use by carryover participants, af	1,000	0	0		1,000
Water User's remaining carryover, af	1,000	1,000	500		2,500
<u>Step 2. Allocate Use by Non-Carryover Participants.</u>					
Table "A" use by non-carryover participants, af				100	100
Reallocation from non-carryover participants, af	47	43	10	(100)	0
Water User's remaining carryover (subject to spill), af	953	957	490		2,400
Water User's remaining allocation (if carryover spills), af	19,593	17,866	4,091	1,800	43,350
February and Beyond.					
<u>Step 1. Account for Individual Use.</u>					
Carryover from previous month, af	953	957	490		2,400
Percent of Table "A" (among carryover participants)	47.2	43.0	9.8		100.0
Water use by carryover participants, af	0	0	450		450
Water User's remaining carryover, af	953	957	40		1,950
<u>Step 2. Allocate Use by Non-Carryover Participants.</u>					
Percent of Table "A" (among carryover participants)	47.2	43.0	9.8		100.0
Table "A" use by non-carryover participants, af				1,000	1,000
Reallocation from non-carryover participants, af	472	430	98	(1,000)	0
Water User's remaining carryover, af	481	527	(58)		950
Water User's remaining allocation, af	20,065	18,296	4,189	2,800	45,350
<u>Step 3. Reallocate Remaining Water.</u>					
Percent of Table "A" (among carryover participants)	52.3	47.7			100.0
Reallocation from non-carryover participants, af	31	28	(58)		0
Water User's remaining carryover (subject to spill), af	451	499	0		950
Water User's remaining allocation (if carryover spills), af	20,095	18,324	4,131	2,800	45,350

Rule 9. REVISIONS OF WATER SCHEDULE

Revisions in the monthly amounts of water to be delivered to any Water User must be submitted to the District on or before the 25th of the month preceding the month in which the water is to be delivered. All such revisions shall be subject to approval of the Manager of the District in accordance with the policies of the Board of Directors then in effect and applicable conditions imposed by DWR.

The monthly total of the water used shall not differ from the approved schedule of such an amount which will result in additional charges to the District as provided in the Water Supply Contract with DWR, except that the District may approve a change in water delivery schedule which may be conditioned upon payment of any added cost.

Rule 10. DAILY WATER ORDERS

All requests for water delivery shall be subject to the approval of the Manager of the District in accordance with applicable conditions imposed by DWR. Daily water orders must be made to the District no later than 8:30 a.m. for the next day's delivery (i.e. 24-hour notice for daily water deliveries), and weekly water schedules must be made to the District by 8:30 a.m. on the Wednesday of each week for the following week's (Thursday through Wednesday) deliveries. Monthly water schedules must be provided to the District as periodically requested. Water may be delivered on shorter notice in emergencies.

If scheduled in accordance with the previous paragraph, turn-on and/or turn-off orders may be scheduled at anytime. Unless other turn-on and/or turn-off orders have been scheduled, water must be used continuously and at a constant rate for each twenty-four hours beginning and ending at 9:00 a.m., except in the case of an emergency or where approved by the Manager.

All shut-off orders must be made to the District no later than twenty-four (24) hours before shut-off is desired. Shorter notice of shut-off is acceptable in emergencies. In the event of an emergency shut off, the District must be notified as soon as possible thereafter.

Except in the case of an emergency, as determined by the Board of Directors, Water Users who turn off water without notice or before shut-off time will be charged for the use of the amount of water requested or applied for and for all costs incurred by the District as the result of the shut-off of water by the Water User, unless, another Water User on the same distribution system has agreed to accept the additional water made available from the unscheduled shut-off.

Rule 11. WATER CHARGES

The District may from time to time establish and levy a standby charge to Landowners and other Water Users in the Water Service Area and for providing for the delivery of that available water. The standby charge, per acre of land in the Water Service Area, may be in an amount up to that needed to pay for District administration and distribution system maintenance, and

any other costs which the Board of Directors may deem necessary for the proper operation of the District.

In the event the Board of Directors determines that an amount should be included in the standby charge to pay costs which are only to benefit a specific area of the District, the District shall be subdivided into distribution system sub-areas so that the standby charges more accurately reflect the costs to the District of each sub-area, and the standby charges for each sub-area may differ accordingly. The standby charges for each sub-area and the payment date and deposits (if any) with respect to standby charges shall be established by the Board of Directors.

The District may from time to time establish and levy an improvement district charge to Landowners in areas served by District funded distribution systems. The improvement district charge, per acre of land in the improvement district area, may be in an amount up to that needed to pay for the annual debt service associated with the construction cost of capital facilities. The improvement district charges and the payment date and deposits (if any) with respect to improvement district charges shall be established by the Board of Directors.

The District may from time to time establish and levy a water toll charge to Landowners and other Water Users for all types and classifications of water made available to Water Users, including without limitation, Table "A" Contract Water. Water toll charges levied per acre-foot of water scheduled for delivery, by the District shall be sufficient to pay the SWP Variable OMP&R and Off-Aqueduct charges to the District and the District's cost of delivery to a Water User of the water subject to a water toll charge. The amount of water toll charges for any water supply made available to Water Users by the District, and the payment date and deposits (if any) with respect to water toll charges, shall be established by the Board of Directors.

The District may annually establish and levy benefit assessments on a per acre basis to all lands in the District. The benefit assessments shall be in an amount up to that needed to pay SWP Fixed Costs and a minimal amount of District administrative costs. The benefit assessment and the payment date(s) shall be established by the Board of Directors.

Rule 12. DELINQUENT CHARGES

In the event any assessments, standby charges, improvement district charges, water toll charges, or other charges for water or services levied by the District become delinquent, the Board of Directors may authorize the officers and employees of the District to take any or all actions permitted by law in order to secure and/or collect such delinquencies. The Board of Directors may also add to the amount of any such delinquency up to the maximum penalty permitted by law, and may charge up to the maximum interest rate permitted by law on any such delinquencies. The Board of Directors may refuse water service to any lands on which assessments or other charges are delinquent and/or unpaid. In the event the Board of Directors elects to commence action in a court of competent jurisdiction in order to collect such

delinquent assessments or charges, all costs and attorneys' fees incurred by the District in such action shall be added to the delinquent assessments or charges and shall be recovered by the District in any such action.

Rule 13. CREDITS AND REFUNDS

The Board of Directors, giving due regard to the District's reserves and financial condition, may from time to time approve refunds and credits to Landowners and/or Water Users.

In any year in which a Landowner or other Water User has some or all of their allocation of Table "A" Contract Water used by other Landowners or Water Users in accordance with these Rules and Regulations, a credit or refund shall be given to such Landowner or Water User to the extent their allocation of Table "A" Contract Water is actually so used by other Landowners or Water Users. The amount of any such credit or refund shall be determined by the Board of Directors in any such year.

In any instance in which a penalty and/or interest has been imposed or charged against a Landowner or other Water User and in which a credit or refund is to be given, the penalty shall be based on the original delinquent amount and interest shall be calculated by accumulating interest on the outstanding amount (original amount up until any credit is issued, then on the adjusted charge) at rates as determined by the Board of Directors.

Rule 14. COST REIMBURSEMENT FOR AUTHORIZED IMPROVEMENTS TO DISTRICT FACILITIES

The District encourages Landowner improvements made to the District's distribution system and will allow for reimbursement to Landowners constructing and dedicating such improvements to the District as described in the "**Agreement Regarding Improvements**" adopted by the Board of Directors on April 12, 1995, or as subsequently amended or restated.

Rule 15. NON-LIABILITY OF DISTRICT

The District will not be liable for damages of any kind or nature resulting directly or indirectly from any private ditch or pipeline or the water flowing therein or by reason of lack of capacity therein, or of negligent, wasteful, or other use of handling water by the users thereof, and the District's responsibility shall cease absolutely when the water is delivered to the Water User. The District will not be liable for shortage of water, either temporary or permanent, or for failure to make water available to any delivery turnout. The District is subject to the terms and conditions of its Water Supply Contract with DWR and all laws, policies, and regulations affecting deliveries to the SWP and the District.

The District assumes no responsibility with respect to the quality of project water. All Water Users are advised that project water, as delivered by the District, is unfit for human consumption. All complaints concerning the quality of water should be referred to the Manager.

Rule 16. COMPLIANCE WITH RULES

Refusal to comply with each and all of these Rules and Regulations, or any violation of any of the foregoing Rules and Regulations, or any interference with the proper discharge of duties of any person employed by the District, shall be considered sufficient cause for termination of water service; water service will not again be furnished until, in the opinion of the Board of Directors, full compliance has been made with all requirements herein set forth. In no event shall any liability accrue against the District or any of its officers, agents or employees, for damage, direct or indirect, arising from such temporary discontinuance or reduction of water deliveries.