

Section 4

Water Rates, Fees, and Deposits

4.1 Rates

4.1.1 General Provision

The District has rate schedules for particular types of services provided. A summary of these charges is provided in Appendix A, Rates, Fees, Charges and Deposits. In case of conflict between the provisions of any rate schedule or special contract and this Water Code, the provisions of the rate schedule or special contract shall apply. Rates shall be charged from the date the meter is installed and activated.

Tables A-1 and A-2 in Appendix “A” indicate the standard meter and consumption rates for the majority of District water service Customers.

Meter charges and consumption charges are covered through the upstream domestic service meter charges and do not apply to a deduct meter, as defined in Section 3.1.1. Deduct meters are to be charged a deduct meter reading fee, per Appendix A, Rates, Fees, Charges and Deposits.

4.1.2 Wholesale/Special Contract Customers

- The rates and charges for Wholesale/Special Contract Customers described in Section 2.2.2 and 2.2.3 shall be as specified in their contracts with the District. The District shall compute their billings utilizing the monthly meter charge and consumption charges as specified in Appendix A, Rates, Fees, Charges and Deposits, unless otherwise specifically provided for in a written contract with the District.
- The District shall give the Wholesale/Special Contract Customers written notice of a rate increase. The billings utilizing this rate increase for this class of Customer shall conform to the notification requirements of each valid contract.

4.1.3 Private Fire System

- Automatic Sprinkler Equipment/Privately Owned Fire Protection Facilities

A monthly charge for standby service for automatic sprinkler equipment/privately owned fire protection facilities connected to the water system shall be calculated per inch of nominal pipe diameter of the Customer’s pipe at the point that such pipe connects to the District-owned facilities. Such charges shall be billed in advance. Automatic Sprinkler Equipment/Privately Owned Fire Protection Facilities rates are provided in Appendix A, Rates, Fees, Charges and Deposits.

If a detector check meter registers water for non-emergency use, the Customer will be assessed a 5/8-inch meter Monthly Basic Fixed Charge per Appendix A, Rates, Fees, Charges and Deposits, for at least two-meter reading cycles for each month of non-

emergency use. Any water for non-emergency use shall be billed per Appendix A, Rates, Fees, Charges and Deposits.

4.1.4 Potlatch System Water Rates (1862-99)

The District has determined that the water rates established for Potlatch should include those amounts necessary to cover the additional costs and expenses associated with the unique nature of the Potlatch System.

Water rates have been developed specifically for the Potlatch System and are provided in Appendix A, Rates, Fees, Charges and Deposits.

4.1.5 Fire Hydrant Meter Water Rates

Water consumed through fire hydrant meters shall be charged a monthly fire hydrant meter use charge and a consumption charge based on water consumed. Rates are indicated in Appendix A, Rates, Fees, Charges and Deposits.

4.1.6 Bulk Water Fill Station Water Rate

The District has determined that the water rate established for a Fill Station should include those amounts necessary to cover the additional costs and expenses associated with the unique nature of a Fill Station.

The water rate has been developed specifically for a Bulk Water Fill Station and is provided in Appendix A, Rates, Fees, Charges and Deposits.

4.1.7 Agriculture Rate

The District has determined that a separate classification for agricultural uses will help maintain, preserve, conserve, and otherwise continue in existence adequate open space lands for agriculture purposes.

The agriculture rate is available for water services that meet the following criteria:

- Water service(s) on property classified as farm and agricultural land with the Skagit County Assessor under Chapter 84.34 of Revised Code of Washington; and
- Water service(s) certified in compliance with the District's Cross Connection Control Program.

The new rate will increase cooperation in the District's Cross Connection Control Program, thus increasing the overall safety of the water system to the benefit of all our customers.

The water rate has been developed specifically for agricultural uses and is provided in Appendix A, Rates, Fees, Charges and Deposits.

4.2 System Development Fees

4.2.1 Basis for System Development Fee

The District has limited capacity to serve additional Customers without increased infrastructure. The system development funds are utilized to help offset additional infrastructure costs needed to meet the additional load created by increased demand on the system, and replacement costs. System development funds are intended to be used for improvements that benefit major portions of the service area of a District water system, and their use requires approval of the District’s Board of Commissioners.

System development fees are calculated based on the benefit of both existing capacity and projected future capacity improvements to the District’s water systems over a given period. The current system development fee schedule is based on the factors and costs indicated.

System development fees are covered through primary services and do not apply to auxiliary metering systems such as deduct services and detector check meters.

4.2.2 Weighting Factors for Meters

The District has determined that the American Water Works Association (AWWA) has established in Standards C-700 and C-702 the safe maximum operating capacity for displacement and compound water meters, and that the safe maximum operating capacity of such water meters of various sizes are related to the following proportional weighting factors:

<u>Meter Size</u>	<u>Weighting Factor</u>
5/8-inch	1
3/4-inch	1.5
1-inch	2.5
1 1/2-inch	5
2-inch	8
3-inch	16
4-inch	25
6-inch	50
8-inch	80

4.2.3 Policies for Calculating System Development Fees

The System Development Fee for a 5/8-inch meter shall be the unit basis of System Development Fees for all meters.

The System Development Fees for positive displacement meters ranging from 5/8-inch to and including 1-1/2-inch and compound meters ranging from 2-inch to and including 8-inch shall be based on the System Development Fee for a 5/8-inch meter multiplied by the weighting factor for that meter, charged on Appendix A, Rates, Fees, Charges and Deposits at the time of payment.

The System Development Fees for types and sizes of meters other than the positive displacement and compound meters listed above shall be based on the System Development Fee for a 5/8-inch meter multiplied by a weighting factor for that meter. The weighting factor shall be based on the safe maximum operating capacity established in the most current AWWA Standards for that meter.

Each meter serving other than a single family residence shall be selected: (1) based on the sizing requirements of the most recently adopted International Association of Plumbing and Mechanical Officials (IAPMO) Uniform Plumbing Code, (2) to flow not more than the safe maximum operating capacity of the meter per AWWA Standards, and (3), if the proposed use generally has a pattern of continuous flow (a relatively consistent flow for 6 hours or more), to flow not more than 50% of the safe maximum operating capacity of the meter during such periods of continuous flow.

The District does not guarantee that the safe maximum operating capacity or continuous flow capacity of a meter, or any rate of flow will be available from the District's water system. System capacities, water rights, hydraulics, environmental factors, or other issues may limit the amount of flow available through any meter at any given time. It is a core value of the District to maintain an adequate level of service to existing customers. The District reserves the right to limit any customer's use when that use has or will have an adverse impact to the District's obligations and responsibilities.

Additional System Development Fees in excess of those listed above may be incurred by the Customer when the Customer's use exceeds the flow rates and/or usage listed in a Water Contract (see Section 4.2.4 Water Contracts).

The System Development Fees per meter size are also indicated in Appendix A, Rates, Fees, Charges and Deposits.

4.2.4 Water Contracts

The District shall execute a Water Contract for each new meter with a weighting factor of 8 or more (2-inch and larger), or each group of meters (regardless of size) whose weighting factors sum 8 or more, each meter hereinafter termed "contract meter". The Customer's projected flow rates and usage for each contract meter shall be listed in the Water Contract. If a Customer's use through any contract meter exceeds the listed flow Customer will be responsible for any mitigation deemed necessary. Mitigation shall be determined by the District, and may include, but is not limited to, additional charges and/or water system improvements including all associated costs.

Any existing non- “contract meter” purchased on or after November 1, 1999, will become a contract meter, subject to all Water Contract requirements, if additional meters are purchased to serve the same property or lot and the summed weighting factors of all meters is 8 or more, a Water Contract will be required.

These provisions apply only to meters purchased on or after November 1, 1999. Water services in existence on October 31, 1999, will not be subject to these provisions, unless said meter(s) is upsized or removed and its System Development Fee value applied to a new meter(s).

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The District may provide water service to two separate types of real estate: first, a tract of real estate, comprised of one or more parcels in the records of the Skagit County Assessor, but certifiable to be one “property” of record according to the deed and, second, a portion of such a legal “property” of record, having its own describable boundaries and requiring its own source of water separate from the balance of the “property”, often affected by a lease from the property owner. Based on this:

- if multiple contract meters serve a single “property” (a single tract of land not affected by a lease), the System Development Fee shall be charged as indicated in the Water Contract; and
- if multiple contract meters serve a single “lot” (a single tract of land affected by a lease, perhaps within a larger “property”), the System Development Fee shall be charged in the same manner as for a “property” but shall only account for the meters serving the specific “lot” on the “property”.

The District retains the final decision of what constitutes a “property” or “lot”. In both cases, the Water Contract shall define the Customer’s allowable flow rates and usage through the contract meter(s).

4.2.5 System Development Fees for Satellite Systems (1937-01)

System Development Fees developed specifically for future LUDs or satellite systems that are not anticipated to connect to the Judy Reservoir System or be conveyed water via the District’s Water Supply Agreement with the City of Anacortes, shall be subject to only the “General Plant” portion of the System Development Fee structures, providing required criteria has been met for obtaining water service. The General Plant portion charged shall account for annual construction cost index increases and shall be multiplied by the appropriate weighting factor for the meter selected; Appendix “A”, Table A-6.

4.2.6 Annual Adjustments to System Development Fee Schedule (1877-99)

The District shall adjust the System Development Fees on January 1 each year, subject to review by the Commission, based on increases in the Engineering News Record Construction Cost Index for the Seattle area from November of the preceding year. The fee adjustment in the 5/8-inch meter size is to be based on the change in the construction cost index for the preceding 12 months, using the previous November as a baseline. The fee shall be rounded to the nearest \$5.00 increment. Fees for other meter sizes are incrementally determined using a multiplier upon the 5/8-inch rounded meter fee.

4.2.7 Adjustments for Upsizing, Downsizing or Combining Water Services

If the meter of a water service is increased in size, the Customer shall pay a System Development Fee equal to the difference between the original meter and the new larger meter, both fees being based on the System Development Fee schedule in effect at the time of the upsizing.

Should a Customer request that a smaller meter be installed to serve their dwelling or establishment, refunds of System Development Funds shall not be made. In turn, the same water service Customer can have the meter size increased up to and equivalent to pre-existing water meter size for ten (10) years after the date of downsizing the water meter without being required to pay additional System Development Fees.

If a Customer has one or more water services serving the same parcel or lot and requests the removal of one or more of the water meters and the installation of one or more new meters, the System Development Fee of the removed meter(s) shall be applied towards the System Development Fee of the new meter(s), all fees being based on the System Development Fee schedule in effect at the time of request. If the System Development Fee(s) of the new meter(s) exceeds the System Development Fees of the removed meter(s), the Customer shall pay the difference. If the System Development Fee(s) of the removed meter(s) exceeds the System Development Fees of the new meter(s), no refund will be made.

4.3 Connection Charges for New Metered Water Services

All new meter installations shall be levied a connection charge (meter installation charge) per the fee schedule in Appendix A, Rates, Fees, Charges and Deposits, for the same water service installation Types as described in Section 3.1.1.

Installation fees for water service installations involving tapping a water distribution pipeline larger than 18 inches or any concrete cylinder water pipeline will be on a time and material basis, and not less than a Type Six installation fee.

The deduct service may be installed concurrently with or after the domestic service and shall be charged according to the fee schedule for a Type Two, Type Three or Type Four water service, depending on the extent of installation.

4.4 Other Fees

A fee will be charged for any financial instrument which does not clear the financial institution (e.g., NSF checks, ACH returns, closed accounts) see Appendix A, Rates, Fees, Charges and Deposits.

4.5 Service Deposits

District staff will determine the credit risk for each customer at the point of application.

4.5.1 Residential

A deposit is required from all residential customers unless the customer has established a satisfactory credit record with the District or provides a letter of credit from another utility. Letters of credit must include a minimum of twelve (12) months history with no late fees or disconnection charges. The deposit shall be as set forth in Appendix A, Rates, Fees, Charges and Deposits.

4.5.2 Commercial

A deposit is required from all commercial Customers unless the Customer has established a satisfactory credit record with the District. The deposit shall be as set forth in Appendix A, Rates, Fees, Charges and Deposits.

4.5.3 Existing Customers

Existing Customers with an unsatisfactory payment history with the District may be required to provide a service deposit as a condition of continuing to receive water service.

Customers applying for the installation of a new water service that includes the payment of a system development fee and/or meter installation charge shall be waived from the requirements of a service deposit and activation fee or payment history as the Customer has demonstrated financial capacity to the District. This waiver is conditioned on the provision that the Customer does not have a previous unsatisfactory payment history with the District.

4.5.4 Refund of Deposits

At the discretion of the District, deposits may be refunded or credited to an account when requested by a Customer who has exhibited a satisfactory credit rating with the District over the prior twelve (12) months. Satisfactory credit means no late fees, NSF fees, or late payments. Deposits will be credited to an account upon termination of service.

4.5.5 Transfer of Deposit

Should a Customer transfer service to a new service location, thereby closing one account and opening a new account, the deposit shall be transferred to the new account if the closing of the old account and the opening of the new account are done simultaneously.

4.5.6 Basis for Deposit

The service deposit amount for a residential 5/8-inch metered service shall be based on two times the two-month average billing, rounded up to the nearest \$5.00 increment as determined from time to time when water rates are adjusted. Larger meter service deposits will be incrementally adjusted based on multipliers or final fee indicated in Appendix A, Rates, Fees, Charges and Deposits.

4.5.7 Unusual or Exceptional Cases

Service deposits may be required and/or increased in unusual or exceptional cases where management deems it necessary to protect the District adequately.

In extremely rare instances, the District may waive service deposit and credit reference requirements if, in the judgment of the District, there is substantial indication of minimal District exposure to loss. An example of this modification would be to serve a governmental entity such as a city or county.

Service deposits or sufficient proof of a satisfactory credit history shall be received at the time of application. Non-compliance with the arrangements is cause for disconnection from service. A reconnection charge in the amount established per District rates, fees, charges, and deposits will be assessed in the event of a disconnection. See Appendix A, Rates, Fees, Charges and Deposits.

4.5.8 Refund (1660-95)

When a Customer with a service deposit leaves service, the District will refund the service deposit less the amount of unpaid bills. Refund checks will be distributed once all necessary internal processing is completed.

4.5.9 Unpaid Bills

Any unpaid bills may be assigned to any other active accounts of the Customer per Section 3.4.10.

A request for service by the Customer may require payment of any unpaid bills prior to service activation.

The District may submit to an attorney or collection agency a request to collect any unpaid bill after District collection attempts have failed, including unpaid bills remaining after the service deposit has been applied. Upon assignment of an account by the District for collection, all collection fees will be added to the balance owed.