

LINCOLN-PIPESTONE RURAL WATER SYSTEM

Usage Capacity Policy

Purpose: Water is a renewable, but limited resource. In order to prevent the occurrence of over-allocating quantities beyond what has been appropriated (permitted) by the Minnesota Department of Natural Resources (MnDNR), South Dakota Department of Environment & Natural Resources (SDDENR), and available for purchase from established interconnections via water purchase agreements, the following policy will be imposed to all rural (non-municipal) customers of Lincoln-Pipestone Rural Water System (LPRW), if so ordered by the LPRW Board of Commissioners (Board):

All rural (non-municipal) connections are eligible to utilize up to 50,000 gallons per month (defined as one Capacity Unit) as part of the original hook-up. Additional Capacity Units (1 Capacity Unit = 50,000 gallons/month usage) can be purchased, if water is available at the requested connection.

Pre-2006 Hookups:

The LPRW Board has determined to establish monthly usage limits to customer accounts that currently do not have existing usage capacities. This will include customers connected to the water system prior to 2006, prior to the advent of capacity charges. To establish monthly usage limits, the following formula has been applied and will take effect beginning August 1, 2017:

2015-16 Two-year monthly average, plus 15%, then round up to nearest 50,000 gallon/month capacity level.

Penalty for Capacity Exceedance:

Beginning August 1, 2017, a penalty of \$5.00 per 1,000 gallons/month used above the purchased capacity will be implemented. This fee is to be applied in addition to the normal monthly water bill. In addition to the penalty, overages may subject customer to water termination due to lack of water availability.

Transfer of Purchased Capacity:

LPRW will allow for the transfer of purchased capacity between properties with the same ownership where there is no assessment due on the property, for \$500 per transfer. This transfer option is available for the next two (2) years, beginning August 1, 2017 and expiring August 1, 2019. Transfers are subject to engineering approval. If system improvements are needed to accommodate the requested capacity transfer, the requesting party is responsible for all associated costs of improvements. Ownership is defined as an individual or 51% or more ownership of a business entity.

Capacity Variance:

A written request must be submitted to our office on or before the 15th of the month for it to be heard at the next board meeting. The request for variance will be reviewed and presented to the LPRW Board for consideration.

Assessment:

LPRW will allow any additional capacity units to be assessed in full at 5.9% annual interest rate for 30 years on the property the water service resides.

I hereby certify that the foregoing policy was adopted by the LPRW Board of Commissioners on July 31, 2017.

Jason Overby, LPRW General Manager