

WATER CONSERVATION POLICY

A POLICY PROVIDING FOR CONSERVATION OF WATER AND RESTRICTIONS ON THE USE OF WATER DURING A WATER SHORTAGE OR IMPENDING WATER SHORTAGE

Water Conservation Policy Version Control

| Version | Date | Author | Change Description |
|---------|------------|-------------|--|
| 1.0 | 12/10/2008 | Danny Sloan | |
| 1.1 | 03/02/2010 | Danny Sloan | Incorporated changes required by NCDENR- Approval by Board |
| 1.2 | 09/15/2020 | Danny Sloan | Board review and approval |

Contents

| Preface: | 3 - |
|--|------|
| Article I: Declaration of Water Shortage | 3 - |
| Section I: Applicability of Policy | 3 - |
| Section II: Production Capacity Triggers | 4 - |
| Section III: Notification | 4 - |
| Article II: Stage I Voluntary Water Shortage Condition | 5 - |
| Section I: Compliance | 5 - |
| Section II: Stage I Conservation Measures | 5 - |
| Article III: Stage II Mandatory Water Shortage Condition | 6 - |
| Section I: Compliance | |
| Section II: Stage II Conservation Measures | 6 - |
| Article IV: Stage III Mandatory Water Shortage Condition | 7 - |
| Section I: Compliance | |
| Section II: Stage III Conservation Measures | |
| Article V: Stage IV Mandatory Water Shortage Condition | 8 - |
| Section I: Compliance | |
| Section II: Stage IV Conservation Measures | 8 - |
| Article VI: Stage V Emergency Conservation | 9 - |
| Article VII: Reduction of Restrictions | 9 - |
| Article VIII: Lifting of Restrictions | 9 - |
| Article IX: Enforcement | |
| Article X: Discontinuance of Service | 11 - |
| Article XI: Variance Procedure | 12 - |
| Article XII: Severability | 14 - |
| Article XIII: Plan Effectiveness | 14 - |
| Article XIV: Approval | 14 - |
| Section I: Public Comment | 14 - |
| Section II: Effective Date | 14 - |
| Section III: Revisions | 14 - |
| Section IV: Amendments | 14 - |

Preface:

By decision of the Iredell Water Corporation Board of Directors that water conservation is deemed to be necessary when water demand by customers connected to the Iredell Water Corporation water system reaches the point where continued or increased demand will equal or exceed the treatment and/or transmission capacity of the system. When water demand results in the condition whereby customers cannot be supplied with adequate water to protect their health, safety, or property, then the demand must be substantially curtailed to relieve the water shortage.

Article I: Declaration of Water Shortage

Section I: Applicability of Policy

In the event it appears there is a sustained demand of 80% of the Iredell Water Corporation water system treatment and/or transmission capacity (average daily flow); then in such event the General Manager of Iredell Water Corporation will recommend to the President of the Board that voluntary water conservation measures be implemented. Sustained demand is defined as two (2) weeks or more. The President of the Board, following consultation with the Board of Directors, will declare a Stage I Voluntary Water Shortage Condition requesting voluntary water conservation by consumers. The President of the Board, following consultation with the Board of Directors, may, with or without the recommendation of the General Manager, declare that a Stage 2, Stage 3, or Stage 4 Mandatory Water Shortage Condition exists and require mandatory conservation measures upon occurrence of any conditions precedent for declaring such Condition, as hereinafter set forth. In declaring any Water Shortage Condition pursuant to this Policy, the President of the Board may limit the applicability of the requirements of this Policy to certain sections of the Corporation service area, whether by pressure zone, district, or other description. For purposes of this Policy, the phrase "following consultation with the Board of Directors" shall mean consultation during a regular or special meeting of the Board of Directors when possible, but where delay would endanger the public health, safety, or welfare, as determined by the President of the Board, such consultation may be made by the General Manager with members of the Board of Directors on an individual basis outside the confines of a formal meeting. The President of the Board shall report the declaration of a Water Shortage Condition to the Board at its next regular meeting. The declaration of a Water Shortage Condition becomes effective immediately upon issuance by the President of the Board. Upon declaration of any stage of Water Shortage Condition, the President of the Board shall issue press releases to local television, radio and/or print media to inform the public of the voluntary or mandatory water use restrictions. Upon declaration of a Stage 2, Stage 3, or Stage 4 Mandatory Water Shortage Condition, the President of the Board shall also cause notice of such restrictions to be either printed on to customers' water bills or separately mailed to customers as soon as reasonably practicable.

Section II: Production Capacity Triggers

- a) Stage I Voluntary Water Shortage Condition >80% sustained production capacity
- b) Stage II Mandatory Water Shortage Condition >85% sustained production capacity
- c) Stage III Mandatory Water Shortage Condition >90% sustained production capacity
- d) Stage IV Mandatory Water Shortage Condition >95% sustained production capacity
- e) Emergency Mandatory Water Shortage Condition

>125% sustained production capacity

Chart below demonstrates how much actual water would be saved if reduction goals are met at each stage.

| Water Shortage Stage | Sustained Capacity Stage Triggers | Capacity trigger in gallons if Sustainable Capacity is 4 mgd | Reduction Goal | Example Amount of water saved if Reduction Goal is met and Sustainable Capacity is 4 mgd |
|----------------------------|--|---|-------------------|--|
| I | > 80% | 3.2 mgd | 5% | 160,000 gpd |
| II | >85% | 3.4 mgd | 10% | 340,000 gpd |
| III | >90% | 3.6 mgd | 15% | 540,000 gpd |
| IV | >95% | 3.8 mgd | 20% | 760,000 gpd |
| Emergency | >125% | 5 mgd | 40% | 2,000,000 gpd |

Section III: Notification

The following notification methods will be used to inform water system employees and customers of any water shortage declaration, voluntary or mandatory:

- Employee e-mail announcements
- Posted notices at Iredell Water Corporation Office
- Messages on water bills.
- Direct mailings
- Advertisements or articles in the Statesville Record & Landmark newspaper
- Announcements on local radio and broadcast TV stations.

Declaration of any emergency water restrictions or water rationing will be communicated immediately to all customers by telephone through use of Iredell County's reverse 911 calling system.

Article II: Stage I Voluntary Water Shortage Condition

Section I: Compliance

In the event a Stage I Voluntary Water Shortage Condition is declared conservation measures will be encouraged and recommended, but no enforcement action will be taken against any customer who does not comply with the guidelines set forth in Section II.

Section II: Stage I Conservation Measures

In the event a Stage I Voluntary Water Shortage Condition is declared, the following guidelines shall apply, and the public shall be encouraged to adhere to the following:

- Cut water use by 5%
- Repair all known leaks
- Limit car washing to the minimum.
- Limit lawn and garden watering to that which is necessary for plants to survive.
- Do not wash down outside areas such as sidewalks, patios, parking lots, service bays or aprons, etc.
- Do not leave faucets running while shaving or rinsing dishes.
- Water shrubbery to the minimum required, reusing household water when possible.
- Limit use of clothes washers and dish washers and when used, operate when fully loaded.
- Use of showers for bathing, rather than bathtub, and limit showers to no more than four (4) minutes.
- Limit flushing of toilets by multiple usage.
- The use of disposable and biodegradable dishes is encouraged.
- The use of flow-restrictive and water-saving devices is encouraged.
- Limit hours of operation of water-cooled air conditioners.
- All residents, businesses, and institutions are requested to temporarily delay new landscape work until the water shortage has ended.
- Use only hoses with spring-activated nozzles when watering lawns and gardens.

Article III: Stage II Mandatory Water Shortage Condition

Section I: Compliance

In the event the President of the Board issues a declaration of a Stage II Mandatory Water Shortage Condition, then it shall be unlawful for any person, firm or corporation to use or permit the use of water from the Iredell Water Corporation water system in a manner inconsistent with the declaration until such time as the declaration of a Stage II Mandatory Water Shortage Condition has been rescinded. In exercising the authority for declaring a Stage II Mandatory Water Shortage Condition, consideration shall be given, as applicable, to water shortage levels and available sources of supply, available usable storage on hand, drawn-down rates, the projected supply capability, outlook for precipitation, daily water use patterns and availability of water from other sources.

Section II: Stage II Conservation Measures

In the event (i) a Stage I Voluntary Water Shortage Condition declaration is ineffective in adequately reducing demand; (ii) maintenance of the system (whether preventive or breakdown maintenance, or due to an event of force majeure) requires a reduction in demand; (iii)mandatory restrictions are required to comply with any permit for the system issued by applicable state or federal authorities; (iv) sustained water demand exceeds 85% of the Iredell Water Corporation water system treatment and/or transmission capacity (average daily flow), then upon occurrence of any such event the President of the Board may issue a declaration that a Stage II Mandatory Water Shortage Condition exists. Such declaration may prohibit any one or more of the types of water uses regulated under a Stage I, Stage III, or Stage IV Water Shortage Condition, provided that the President of the Board, in his discretion and acting in the best interests of the health, safety, and welfare of the Corporations' member, may further regulate usage on the following bases:

- 1. Time of day
- 2. Day of week
- 3. Customer type, including without limitation, residential, commercial, industrial, agricultural, and institutional
- 4. Physical attributes, such as address.

After consultation with the Board, the President of the Board may also take such other measures as deemed necessary to give effect to the intent of this Policy.

Stage II conservation measures should produce a 10% reduction in water usage.

Article IV: Stage III Mandatory Water Shortage Condition

Section I: Compliance

In the event the President of the Board issues a declaration of a Stage III Mandatory Water Shortage Condition, then it shall be unlawful for any person, firm or corporation to use or permit the use of water from the Iredell Water Corporation water system for any purpose hereinafter set forth until such time as the declaration of a Stage III Mandatory Water Shortage Condition has been rescinded. In exercising the authority for declaring a Stage III Mandatory Water Shortage Condition, consideration shall be given, as applicable, to water shortage levels and available sources of supply, available usable storage on hand, drawn-down rates, the projected supply capability, outlook for precipitation, such as the drought monitor, daily water use patterns and availability of water from other sources.

Section II: Stage III Conservation Measures

In the event a Stage II Mandatory Water Shortage Condition is in effect and the system demand still exceeds system capacity, a Stage III Mandatory Water Shortage Condition may be declared. In addition to any voluntary and mandatory guidelines already in effect, it shall be unlawful to use water supplied by the Iredell Water Corporation water system in the following manner:

- To water lawns; provided that shrubbery, trees, flowers and vegetable gardens may be watered by hand or by drip irrigation.
- To conduct residential vehicle washing.
- To wash public buildings, sidewalks, and streets, except as required for safety and/or to maintain regulatory compliance.
- To use water for dust control during construction.
- To conduct flushing or hydrant testing programs, except to maintain water quality or other special circumstances approved by the General Manager in advance.
- Filling or refilling of swimming pools. (Topping off is permitted)
- Use potable water for road construction practices, i.e. compaction, dust control and street washing
- Outdoor Ornamental water use (fountains & ponds without fish)
- To serve drinking water in restaurants, cafeterias, or other food establishments, except upon request.

Stage III conservation measures should produce a 20 % reduction in water use.

Article V: Stage IV Mandatory Water Shortage Condition

Section I: Compliance

In the event the President of the Board issues a declaration of a Stage IV Mandatory Water Shortage Condition, then it shall be unlawful for any person, firm or corporation to use or permit the use of water from the Iredell Water Corporation water system for any purpose hereinafter set forth until such time as the declaration of water shortage has been rescinded. In exercising the authority for declaring a water shortage condition, consideration shall be given, as applicable, to water storage levels and available sources of supply, available usable storage on hand, draw-down rates, the projected supply capability, outlook for precipitation, daily water use patterns and availability of water from other sources.

Section II: Stage IV Conservation Measures

In the event a Stage III Mandatory Water Shortage Condition exists and the system demand still exceeds system capacity; a Stage IV Mandatory Water Shortage Condition may be declared. In addition to the restrictions for Stage I, Stage II, and Stage III Water Shortage Conditions, the following restrictions shall also apply:

- To induce water into any pool.
- Use water outside a structure for any use other than an emergency involving a
- Fire protection to be maintained by drafting of ponds, rivers, etc., wherever possible.
- The use of throw-away utensils and plates is encouraged and recommended at all eating establishments.
- To operate an evaporative air conditioner, which recycles water, except during operating hours of business.
- Use potable water for road construction practices, i.e. compaction, dust control and street washing

Stage IV conservation measures should produce a 25 % reduction in water use.

Page - 8 -

Article VI: Stage V Emergency Conservation

In the event that demand becomes greater than 125% of production a Stage V shall become effective, and it shall be unlawful for any person, firm or corporation to use or permit the use of water from the Iredell Water Corporation water system for any purpose hereinafter set forth until such time as the declaration of water shortage has been rescinded. The following conditions shall apply during a Stage V Emergency:

- Water shall only be used in a capacity to sustain human health. (i.e., showers & cooking)
- All federal, state, local health and environmental protection requirements shall be maintained.
- All other non-essential water use shall be banned.

Stage V conservation measures should produce at least a 40 % reduction in short term water use.

Article VII: Reduction of Restrictions

- a. Water Shortage Conditions will be reduced when the President of the Board, after consultation with the Board of Directors and upon recommendation of the General Manager, deems that conservation measures have been effective in reducing the demand to a level that can be controlled with a lower Conservation Stage. This reduction may be based upon usage on the following bases:
 - 1. Time of day
 - 2. Day of week
 - 3. Customer type, including without limitation, residential, commercial, industrial, agricultural, and institutional
 - 4. Physical attributes, such as address.
- b. The reduction of any water shortage declaration shall be promptly and extensively publicized.

Article VIII: Lifting of Restrictions

a. Water Shortage Conditions will expire when the President of the Board, after consultation with the Board of Directors and upon recommendation of the General Manager, deems that the condition which caused the water shortage condition has abated. b. The expiration or cancellation of a water shortage declaration shall be promptly and extensively publicized.

Article IX: Enforcement

- a. Compliance with the provisions of this Policy shall be enforced by personnel of the Iredell Water Corporation, hereinafter referred to as "IWC," independent contractors engaged by IWC for such purpose, and such other personnel as designated by the President of the Board.
- b. The use of water from the Iredell Water Corporation water system by a customer in violation of any mandatory water conservation control imposed pursuant to this Policy is unlawful. For purposes of this Policy, the term "customer" shall mean any person or entity in whose name Iredell Water Corporation maintains an account for water use. Further, the refusal or failure of a customer or other person acting on the customer's behalf to cease immediately a violation of a water conservation control, after being directed to do so by a person authorized to enforce the provisions of this Policy, is unlawful. Each customer is responsible for any use of water that passes through the service connection associated with the customer's account or otherwise passes through the customer's private water system.
- c. Any customer who violates or permits the violation of any mandatory water conservation control imposed pursuant to this Policy shall be subject to the following penalties:
 - 1. a warning for the first offense
 - 2. a monetary penalty in the amount of one hundred dollars (\$100) for the second offense
 - 3. a monetary penalty in the amount of five hundred dollars (\$500) for the third offense.
 - 4. a monetary penalty in the amount of one thousand dollars (\$1000) for the fourth offense, and removal of meter.

Each day that a violation of a mandatory water conservation control occurs shall be considered to be a separate and distinct offense.

- d. Violations shall be accumulated by customers so long as this Policy, in any of its stages, is continuously in effect and until no stage of this Policy has been in effect for a period of one (1) calendar year. Violations of any mandatory water conservation control of any stage shall accumulate with violations of other stages. Should a customer move, or cease and renew service, during the period described herein, the customer's violations shall continue to accumulate as if such move or cessation had not occurred.
- e. Each monetary penalty assessed against a customer pursuant to this Policy shall be added to the customer's water bill and shall be paid in the same manner as the payment of water bills. A customer's partial payment of a water bill shall be applied first to satisfaction of the penalties. Failure to pay all or any portion of a water bill, including any penalty assessed pursuant to this Policy, in a timely manner may result in the termination of water service.
- f. The violation of any water conservation control or provision of this Policy may be enforced by all remedies authorized by law for noncompliance with the Corporations' policies, including without limitation the assessment of a monetary penalty and action for injunction, order of abatement or other equitable relief; provided, however, that no

violation of any water conservation control or provision of this Policy shall be a basis for imposing any criminal remedy.

Article X: Discontinuance of Service

In addition to the payment of any civil penalty assessed pursuant to Article VII of this Policy, a customer shall be subject to termination or restriction of water service following four or more violations of any water conservation control imposed pursuant to this Policy. Water service will not be restored at such service connection until the customer agrees to such terms as determined by the General Manager to be reasonably necessary or advisable to ensure the customer's compliance with such water conservation controls as are then in effect or may be imposed pursuant to this Policy and the payment of all the customer's obligations, including, without limitation, all outstanding charges for water service, civil penalties and all other fees, amounts and penalties charged in accordance with the provisions of this Policy. If a customer violates such a term or condition, the customer shall be subject to a civil penalty of up to \$1,000.00 in addition to any other remedy authorized pursuant to this Policy and termination of water service through such service connection for up to a minimum period of 15 days. Service may be restored thereafter in accordance with the provisions of this Article. A customer whose water service is terminated pursuant to this Article shall not be entitled to notice and an opportunity for a hearing before the Board in advance of such termination. Although service of notice and an opportunity for hearing are not conditions precedent to termination of service, IWC will endeavor to provide such notice as soon as reasonably practicable after a decision is made to terminate such service. A customer whose service is terminated pursuant to this Article or who receives notice of such a termination shall have five calendar days after termination of service or receipt of notice of termination, whichever is later, to appeal such termination to the General Manager, or his/her designee, by delivering a written notice of appeal. A hearing shall be held on such appeal within three business days of receipt of the notice of appeal, or by such other date as approved by the General Manager, or his/her designee, and the customer.

Effective 09/15/2020 Page - 11 -

Article XI: Variance Procedure

- (1) All users requesting relief from the provisions of this rule chapter shall file an application for variance but must conform to water use restrictions until the General Manager grants a temporary variance or the Board grants the variance.
- (2) Criteria for Issuance No application for variance shall be granted unless the applicant provides reasonable assurances that the variance will not otherwise be harmful to the water resources of the Corporation and affirmatively demonstrates that one or more of the following circumstances exists:
 - (a) The variance is essential to protect health or safety, or
 - (b) Compliance with the particular rule or order from which a variance is sought will require measures which, because of their extent or cost, cannot be accomplished within the anticipated duration of the shortage, or
 - (c) Alternative restrictions which achieve the same level of demand reduction as the restrictions from which a variance is sought are available and are binding and enforceable, or
 - (d) The applicant is a public or private utility that demonstrates that special circumstances exist which necessitate the issuance of a variance.
- (3) Limiting Conditions Variances granted shall be subject to the following conditions:
 - (a) The variance granted shall be the minimum necessary to alleviate the circumstance for which the variance was requested under section (2) above.
 - (b) All variances shall expire upon a declaration by the Board that a water shortage no longer exists or when a more restrictive water shortage declaration is made, unless the Board specifies that the variance shall be in effect for a longer period of time, provided however that variance conditions which require the applicant to modify water use facilities shall remain in full force and effect until such modifications have been completed. However, when a new application for variance is filed within seven working days of the effective date of a more restrictive water shortage declaration, the existing variance shall remain in effect until final agency action on the application.
 - (c) Variances granted under section (2)(b) above may prescribe a timetable for compliance with the restrictions from which a variance was sought.
- (4) Applications for Variance The application shall contain the following:
 - (a) The applicant's name, address, telephone number and location of the property for which relief is requested.
 - (b) The specific rule, order, water shortage phase or restriction from which the applicant is requesting relief,
 - (c) A detailed statement of the facts which the applicant believes demonstrate that the request qualifies for a variance under section (2) above, including reports by qualified technical experts,
 - (d) A description of the relief desired,
 - (e) The period of time for which the variance is sought, including the reasons and facts in support thereof,

- (f) The damage or harm resulting, or which may result to the applicant from compliance with the rule or order,
- (g) If the variance is sought under section (2)(b) above, information identifying the restrictions which currently can be met, a description of the measures which would be necessary to meet all restrictions and the date when these measures could be completed,
- (h) For applications for variance from restrictions on irrigation, a general description of the irrigation system, including pump or water system output and irrigated area, and
- (i) Any other information, the applicant believes is material.

(5) Procedures

- (a) Within ten working days after receipt of a complete application for variance, which contains the information listed in section (4) above, the staff shall recommend to the General Manager whether the application complies with the provisions of sections (2) through (4). The recommendation shall be in writing and shall constitute proposed agency action. The Corporation shall set forth in writing the grounds or basis for denial of the variance and inform the applicant of the right to attend a regular scheduled Board meeting on the denial of the application by notification to General Manager 24 hours before scheduled meeting. A copy of the recommendation shall be forwarded to the applicant.
- (b) The General Manager or his designee shall review the application and the staff recommendation. Applications which do not require immediate action, or which do not comply with the provisions of subsections (2) through (4) may be deferred for Board action. Applications which require immediate action, and which comply with the provisions of subsections (2) through (4) may be temporarily granted by the General Manager or his designee. Temporary variances granted by the General Manager or his designee shall be presented to the Board for concurrence, rejection, or modification. (c) The Board shall consider all deferred applications as well as those temporarily granted by the General Manager or his designee, at its next regularly scheduled meeting. The Board may grant or deny the deferred applications and may concur in reject or modify those variances temporarily granted by the General Manager or his designee. All Board action denying applications for variances shall be by written order and copies shall be furnished to the applicant. An applicant whose variance has been granted shall be furnished an appropriate notice of water shortage variance and any attachments which shall be prominently displayed at the applicant's place of use.
- (d) The Board may revoke or modify a variance when it determines that the continued utilization of the variance is inconsistent with the objectives of the Corporation.

Effective 09/15/2020 Page - 13 -

Article XII: Severability

If any section, subdivision, clause, or provision of this Policy shall be adjudged invalid; such adjudication shall apply only to such section, subdivision, clause or provision so adjudged, and the remainder of this Policy may be declared valid once effective.

Article XIII: Plan Effectiveness

The effectiveness of the Iredell Water Corporation's water shortage response plan will be determined by comparing the stated water conservation goals with observed water use reduction data. Other factors to be considered include frequency of plan activation, any problem periods without activation, total number of violation citations, desired reductions attained, and evaluation of demand reductions compared to the previous year's seasonal data.

Article XIV: Approval

Section I: Public Comment

A draft copy of this plan was made available for a twenty (20) day period (December 17, 2008 to January 6, 2009) at the Iredell Water Corporation Administrative and Maintenance facility located at 571 Jennings Rd., Statesville, NC 28687. No substantive comments were received from the public to be considered for incorporation into the final version of Iredell Water Corporation's Water Shortage Plan.

Section II: Effective Date

This Policy became effective after the public comment period and discussion and vote by the Board of Directors of Iredell Water Corporation. It was approved by the Board of Directors at the January 6, 2009 Board of Directors meeting. This Policy will supersede all former Iredell Water Corporation Water Conservation Policies.

Section III: Revisions

The General Manager, Distribution System Manager, and Treatment System Manager shall review and if needed write recommendation to the Board that this Policy be updated or amended. This shall occur every five (5) years or as needed to adapt to new or unplanned situations. This will be recorded under the Water Conservation Policy Version Control Box on the title page of this document and will read reviewed, updated, or amended at each review period.

Section IV: Amendments

March 4th, 2010: Board of Directors meeting to incorporate criteria required by NC DENR, Division of Water Resources.

September 15^{th} , 2020: Board of Directors meeting after 30 day review. Directors names were removed from title page and a few grammatical errors were fixed.

Effective 09/15/2020 Page - 15 -