

AQUA PUHI, LLC
dba PUHI SEWER & WATER COMPANY

RULES AND REGULATIONS
GOVERNING RATE SCHEDULES AND THE
PROVISION OF SEWER SERVICES
TO CUSTOMERS

PSWC TARIFF NO. 1

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SEWER SERVICE

FORWARD

These Rules and Regulations have been adopted to establish uniform practices governing sewer service and to define the obligations of the Company to Customers and of Customers to the Company.

It is the policy of the Company to render fully satisfactory service to all Applicants accepted by the Company as Customers. Customers are advised to obtain information from the Company on the availability of sewer service, acceptable and unacceptable discharge practices, and other pertinent data to assure satisfactory service.

It is the Company's objective to provide sanitary sewer service primarily to single-family, multi-family, commercial and industrial projects of significant size to make a sewer system desirable or required, at a minimum cost consistent with the Company receiving a reasonable rate of return.

The Company's service area is located in the Lihue/Puhi district, island of Kauai, as shown on Exhibit A, and is defined in the certificate of public convenience and necessity issued (or to be issued) by the Hawaii Public Utilities Commission to Aqua Puhi, LLC, dba Puhi Sewer & Water Company.

EXPLANATION OF SYMBOLS

- (C) To signify a changed regulation.
- (D) To signify a discontinued rate or regulation.
- (I) To signify an increase in the rate shown.
- (N) To signify a new rate or regulation.
- (R) To signify a reduction in the rate shown.
- (T) To signify a change in text, but not change in rate or regulation.
- (L) To signify material relocated from or to another part of tariff, but no change in rate or regulation.

When additional symbols are used, they are identified at the bottom of the individual page.

RULE 1: DEFINITIONS

Defined terms appear throughout these Rules and Regulations with the initial letter of words comprising each such term capitalized. Unless it is plainly evident from the context that a different meaning is intended, the following words and terms used herein are defined as follows:

1.1 "Applicant" means a person or persons, firm, corporation, partnership, association, or governmental entity, whether owner or tenant, who applies for service from the Company, intending to become a Customer.

1.2 "BOD" (denoting Biochemical Oxygen Demand) means the quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedures in five (5) days at 20°C, expressed in milligrams per liter (mg/l).

1.3 "Building Sewer" means the sewer lines and facilities originating within the Customer's property, which receive and pass the discharge from waste and other drainage pipes (exclusive of storm drainage pipes) of the Customer to the Company's Sewer System via the Service Connection.

1.4 "CPCN" means the Certificate of Public Convenience and Necessity for sewer service issued to the Company by the Public Utilities Commission.

1.5 "Commercial" means a non-Residential area that is located outside of an area zoned Industrial.

1.6 "Company" means the Aqua Puhi, LLC, dba Puhi Sewer & Water Company, a Hawaii limited liability company.

1.7 "Company's Sewer System" and the term "Sewer System" means the system owned and operated by the Company.

1.8 "Customer" means the person or persons, firm, corporation, association, or governmental department, whether owner or tenant, who has signed a Sewer Service Contract or Special Contract described in these Rules and Regulations and whose name appears on the record(s) of the Company as the party responsible and liable for payment of charges to the Company.

1.9 "Cost of Service Connection" means the sum of the costs (including labor, administrative overhead, materials, transportation, and equipment, if any, and other incidental charges) necessary for the complete installation of a Service Connection. C

1.10 "Development" means the improvement of, or construction of improvements on, a lot, and includes subdivisions (residential, commercial and industrial), planned development projects, cluster developments, site development plans, condominium projects, commercial and industrial projects and other similar improvements, both public and private.

1.11 "Garbage" means solid wastes resulting from preparing, cooking and dispensing food, and from handling, storing, and selling produce, but excludes non-biodegradable solid waste.

1.12 "Garbage properly shredded" means Garbage that has been shredded by a garbage grinder, powered by an engine no larger than one and one-half horse power, to such a degree that all particles (no dimension thereof exceeding 1 1/2 inches) can be carried freely under normal flow conditions in the Company's Sewer System.

1.13 "Industrial" means an area zoned Industrial.

1.14 "pH" means the negative logarithm of the hydrogen-ion concentration in solution ($\text{pH} = -\text{Log}[\text{H}^+]$).

1.15 "Public Utilities Commission," "Commission" and "PUC" mean the Public Utilities Commission of the State of Hawaii.

1.16 "Residential" means an area that contains a single family or condominium unit where a Customer/tenant/person resides.

1.17 "Rules and Regulations" means the Rules and Regulations Governing Rate Schedules and the Provision of Sewer Services to Customers (also referred to herein as "these Rules and Regulations") adopted by the Company and as the same may be modified or amended from time to time by the Company.

1.18 "Service Connection" means the point and installation where the Company's Sewer System is connected to the Building Sewer.

1.19 "Sewer Service Contract" and the term "Service Contract" refer to the application and service connection agreement described in Rule 6, which has been signed by an Applicant/Customer and has been approved and accepted by the Company.

1.20 "Slug" means any discharge of water, sewage, or industrial waste which, in concentration of a given constituent or in quantity of flow, exceeds for at least 15 minutes more than 5 times the average flow during a normal 24-hour period of operation.

RULE 2: GENERAL CONDITIONS

2.1 Any Applicant or Customer whose residential, commercial or industrial premises lies within the areas covered by the Company's CPCN for sewer service issued by the Public Utilities Commission (as described in Exhibit A hereto) may, upon compliance with these Rules and Regulations, obtain sewer service from the Company, provided that the Company has sufficient sewage treatment system capacity to take on new or additional service obligations without detriment to those already served or promised service. No Applicant or Customer shall be provided sewer service, however, unless and until a Service Contract (see Exhibit B) has been executed by the Applicant/Customer and approved by the Company.

2.2 The amounts to be paid for sewer service shall be in accordance with the Company's tariff on file with and approved by the Public Utilities Commission, as the same may be modified or amended from time to time by the Company. Service shall be available only upon such payment and may be discontinued, after notice, for non-payment.

2.3 The Company shall not be obligated to provide sewer service to an Applicant until the Applicant has paid, in full, the applicable service extension charge according to the formula set out in the Company's rate schedule.

2.4 A non-refundable contribution in aid of construction may be required as a condition to receiving service in accordance with Rule 13.

2.5 Application for sewer service and connection shall be made in accordance with Rule 6.

2.6 Billing, payment of bills, and late payment charges for sewer service shall be in accordance with Rule 8.

2.7 Where an extension of secondary mains is necessary refer to Rule 14.

RULE 3: INTERRUPTION OF SERVICE

3.1 The Company will exercise reasonable diligence and care to provide adequate sewer service to the Customer and to avoid interruptions in service, but shall not be liable for any interruption or insufficiency of service or any loss or damage occasioned thereby. The Company shall not be liable for termination of services for reasons deemed necessary and proper, as provided herein.

3.2 The Company reserves the right at any and all times to terminate service without notice for the purpose of making repairs, extensions, alterations, or for other reasons related to the operation of the sewage system. Repairs or improvements will be prosecuted as rapidly as practicable and, insofar as practicable, at such times as will cause the least inconvenience to the Customer. Except in the case of emergency repairs, the Company shall use reasonable efforts to give the Customer at least 24 hours notice before shutting off service.

RULE 4: UNACCEPTABLE WASTES

4.1 **Application.** No person shall discharge or cause to be discharged any stored water, surface water, ground water, roof run-off, subsurface drainage, uncontaminated cooling water, or unpolluted industrial process waters to any sanitary sewer.

4.2 **Storm and Process Waters.** No storm water or general drainage shall be discharged into any sanitary sewer. Neither shall industrial cooling water or process waters be discharged into the sanitary sewer.

4.3 **Prohibited Waters and Wastes.** No person shall discharge or cause to be discharged any of the following described waters or wastes into the Company's Sewer System:

4.3.1 Any gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid, or gas, or other similar organic compounds, whether explosive or not.

- 4.3.2 Any waters or wastes containing toxic or poisonous solids, liquids, or gases in sufficient quantity, either singly or by interaction with other wastes, which may injure or interfere with any sewage treatment process, constitute a hazard to humans or animals, create a public nuisance, or create any hazard in the receiving waters of the sewage treatment plant, including but not limited to cyanide in excess of 2 mg/l as CN (cyanide ion) in the wastes as discharged to the Company's Sewer System.
- 4.3.3 Any waters or wastes having a pH lower than 5.5 or higher than 9.5, or having any other corrosive property capable of causing damage or hazard to structures, equipment, and personnel of the Company's Sewer System.
- 4.3.4 Solid or viscous substances in quantities or of such size capable of causing obstruction to the flow in sewers, or other interference with the proper operation of the Company's Sewer System, such as, but not limited to, ashes, cinders, sand, mulch, straw, shavings, metals, glass, rags, feathers, tar, plastics, wood, unground Garbage, whole blood, paunch manure, hair and fleshing entrails, bone, and paper dishes, cups, milk containers, etc., either whole or ground by Garbage grinders.

4.4 **Other Prohibited Substances.** No person shall discharge or cause to be discharged the following described substances, materials, waters, or wastes into the Company's Sewer System, unless such discharge is first approved in writing by the Company. A Customer may request the Company in writing to review the acceptability of any of the following enumerated wastes. If approved, such discharge may be permitted pursuant to a Special Contract (as defined in Rule 7) with the Company. In that regard, discharge of specifically approved substances, materials, waters and/or wastes may be authorized by the Company if it appears likely in the opinion of the Company that such wastes will not harm either the sewers, sewage treatment process or equipment, have an adverse effect on the receiving stream, or otherwise endanger life, health, public or private property, or constitute a nuisance. In forming an opinion as to the acceptability of these wastes, the Company will give consideration to such factors as the quantities of subject wastes in relation to flows and velocities in the sewers, materials of construction of the sewers, nature of the sewage treatment process, capacities of the sewage treatment

plant, degree of treatability of wastes in the sewage treatment plant, and other factors. Absent a specific pre-authorization and a written Special Contract with the Company for their discharge into the Sewer System, the following substances are prohibited:

- 4.4.1 Any liquid or vapor having a temperature higher than 150° F.
- 4.4.2 Any water or waste containing fats, wax, grease, or oils, whether emulsified or not, in excess of 100 mg/l or containing substances which may solidify or become viscous at temperatures between 32° and 150° F.
- 4.4.3 Any Garbage that has not been properly shredded. The installation and operation of any Garbage grinder equipped with a motor of one and one-half (1 ½) horsepower or greater shall be subject to the review and approval of the Company.
- 4.4.4 Any waters or wastes containing strong iron pickling wastes, or concentrated plating solutions, whether neutralized or not.
- 4.4.5 Any waters or wastes containing iron, chromium, copper, zinc, and similar objectionable or toxic substances; or wastes exerting an excessive chlorine requirement, to such degree that any such material received in the composite sewage at the sewage treatment works exceeds the limits established by the Company for such materials.
- 4.4.6 Any waters or wastes containing phenols or other taste- or odor-producing substances, in such concentrations exceeding limits which may be established by the Company as necessary, after treatment of the composite sewage, to meet the requirements of state, federal, or other public agencies having jurisdiction over such discharges to receiving waters.
- 4.4.7 Any radioactive wastes or isotopes.

4.4.8 Materials which exert or cause:

- (a) Unusual concentrations of inert suspended solids (such as, but not limited to, fuller's earth, lime slurries, and lime residues) or of dissolved solids (such as, but not limited to, sodium chloride and sodium sulfate).
- (b) Excessive discoloration (such as, but not limited to, dye wastes and vegetable tanning solutions).
- (c) Unusual BOD, chemical oxygen demand, or chlorine requirements in such quantities as to constitute a significant load on the sewage treatment works.
- (d) Unusual volume of flow or concentration of wastes constituting "slugs" as defined herein.

4.4.9 Waters or wastes containing substances which are not amenable to treatment or reduction by the sewage treatment process employed, or are amenable to treatment only to such degree that the sewage treatment plant effluent cannot meet the requirements of state, federal or other governmental agencies having jurisdiction thereover.

4.5 **Remedies.** If any waters or wastes are discharged, or are proposed to be discharged to the Company's Sewer System which contain the substances or possess the characteristics given in Section 4.4 of this Rule, and which in the Company's judgment may have a deleterious effect on the Company's Sewer System, including, without limitation, processes, equipment or receiving waters, or which otherwise create a hazard to health or life, or constitute a public nuisance, the Company may:

- 4.5.1 Reject the wastes;
- 4.5.2 Require pre-treatment to an acceptable condition for discharge to the Company's Sewer System;
- 4.5.3 Require control over the quantities and rates of discharge to the Company's Sewer System: and

- 4.5.4 Require payment to cover the added cost of handling and treating the wastes not covered by existing sewer charges under the provisions of Section 4.10 of this Rule.

If the Company permits the pre-treatment or equalization of waste flows, the design and installation of the necessary plant and equipment shall be subject to the review and approval of the Company and subject to the requirements of all applicable codes, ordinances, and laws. Notwithstanding the application of this or any other Rule, the Customer shall be liable at all times for the discharge into the Company's Sewer System of any waste, substance or waters in violation of any state, federal or other law, ordinance, rule or regulation governing the disposition of waste, sewage, hazardous or harmful materials.

4.6 **Screening.** Grease, oil and sand interceptors shall be provided by the Customer/Applicant at its cost when, in the opinion of the Company, they are necessary for the proper handling of liquid wastes containing grease in excessive amounts, or any flammable wastes, sand, or other harmful ingredients. All interceptors shall be of a type and capacity approved by the Company and shall be located as to be readily and easily accessible for cleaning by the Customer/Applicant and inspection by the Company.

4.7 **Maintenance by Customer.** Where preliminary treatment, screening or flow-equalization facilities are provided for any waters or wastes, they shall be maintained continuously in satisfactory and effective operation by the Customer at the Customer's expense and shall be subject to periodic inspection by the Company.

4.8 **Control Manhole.** When required by the Company, the Customer or other owner of any property serviced by a Building Sewer carrying industrial wastes shall install a suitable control manhole together with such necessary meters and other appurtenances in the Building Sewer to facilitate observation, sampling and measurement of the wastes. Such manhole, when required, shall be accessible and safely located and shall be constructed in accordance with plans and specifications approved by the Company. The control manhole shall be installed by the Customer at the Customer's expense and shall be maintained by the Customer so as to be safe and accessible at all times. In the event that no special manhole has been required, the control manhole shall be considered to be the nearest downstream manhole in the Company's Sewer System to the point at which the Building Sewer is connected.

4.9 **Testing and Analysis.** All measurements, tests, and analyses of the characteristics of waters and wastes to which reference is made in these Rules and Regulations shall be determined in accordance with the latest edition of "Standard Methods for the Examination of Water and Wastewater," published by the American Public Health Association, and shall be determined at the control manhole provided, or upon suitable samples taken at said control manhole. Sampling shall be according to customary accepted methods to reflect the effects of constituents upon the Company's Sewer System and to determine the existence of hazards to life, health, safety and property and/or the Sewer System or its operation. (The particular analyses involved will determine whether a 24-hour composite of all outfalls of the Customer's premises is appropriate or whether a grab sample or samples should be taken. Normally, but not always, BOD and suspended solids analyses are obtained from 24-hour composites of all outfalls, whereas pH is determined from periodic grab samples.)

4.10 **Special Arrangements.** No statement contained in this Rule shall be construed as preventing any special agreement or arrangement between the Company and any Customer whereby an industrial waste of unusual strength or character maybe accepted by the Company for treatment, subject to payment therefor, by the Customer.

RULE 5: ESTABLISHMENT AND REESTABLISHMENT OF CREDITS AND DEPOSITS

5.1 **Establishment of Credit.** Each Applicant shall be required to establish credit with the Company in one or more of the following ways in the opinion of the Company before service will be provided or continued:

5.1.1 By making a cash deposit to secure payment of bills for services to be furnished by the Company, as provided in Section 5.3 of this Rule;

5.1.2 By furnishing a guarantor satisfactory to the Company to secure payment of bills for the service requested;

5.1.3 By establishing a record of prompt payment for services for six (6) months; or

5.1.4 By such other means as the Company in its sole discretion may determine.

5.2 Reestablishment of Credit.

5.2.1 An Applicant who previously has been a Customer and whose service has been discontinued for nonpayment of bills shall be required, before service is rendered, to pay all amounts owing to the Company and to establish credit as provided in Sections 5.1.1 or 5.1.2 of this Rule.

5.2.2 A Customer using other than residential service may be required to reestablish credit in the manner prescribed in Sections 5.1.1 or 5.1.2 of this Rule in the event that the basis upon which credit originally was established has changed materially.

5.2.3 A Customer who fails to pay a bill before it becomes past due, and who further fails to pay such bill within five (5) days after receipt of a discontinuance of service notice from the Company for such nonpayment, may be required to pay such bill and reestablish credit in the manner provided in Section 5.1.1 of this Rule. Failure to reestablish credit at the request of the Company will subject the Customer to a discontinuation of sewer service.

5.3 Deposits. The Company may require from any Customer or Applicant a deposit intended to guarantee payment of bills for sewer service. The amount of the deposit required under this Rule shall be not less than the Company's estimated total charges for service for the subject premises for a period of two (2) consecutive months, ("standard Customer deposits") or as may reasonably be required by the Company in cases involving service for short periods or for special occasions or for large or unusual uses. Deposits shall not be transferable.

5.4 Interest on Deposits.

5.4.1 Simple interest at the rate of two percent (2%) per annum shall be paid by the Company on standard Customer deposits described at Section 5.3 for the time it is held by the Company after credit is established. If the refund of deposit is made within 30 days of the establishment of credit, no interest payment is required. If the Company retains the deposit more than 30 days after the establishment of credit, payment of interest shall be made retroactive to the date of establishment of credit.

5.5 Refunds.

5.5.1 Upon discontinuance of service, the Company will refund the excess, if any, of a Customer's deposit over all unpaid sums due from the Customer to the Company for sewer service or otherwise.

5.5.2 A deposit is refundable in cash or by credit to the Customer's account when bills are paid before becoming past due for a continuous period of at least six months.

5.5.3 The Company may refund the deposit at any time upon request, provided that the Customer's credit may otherwise be established as provided in Section 1 of this Rule.

5.5.4 The Company may require the Customer to return the Company's deposit receipt properly endorsed or sign a cancellation receipt before the refund is made.

RULE 6: APPLICATION FOR SEWER SERVICE AND SERVICE CONNECTION

6.1 **Application and Agreement.** Before sewer service will be initiated, each Applicant for service shall, as determined by the Company, execute either a standard application and service connection agreement form for residential or non-residential service (see Exhibit B) or a use specific application and service connection agreement for large or unusual uses, if required by the Company. By executing the same, the Applicant for service shall thereby assume responsibility for the payment of all charges for sewer service at the designated location. The Applicant signing the application form shall be held liable for the payment of all charges for sewer service at the designated location. All Customers, regardless of whether they have signed an application for service, shall comply with these Rules and Regulations and the rate schedules of the Company, provided, however, and Customer who has not previously executed an application shall do so at the request of the Company. Failure to execute an application may, at the discretion of the Company, subject the Customer to a discontinuation of service. Until accepted and approved by the Company, the application and service connection agreement is merely a request for service and shall not bind the Company except under the provisions of these Rules and Regulations, nor shall the service application and connection agreement once approved bind the Applicant or Customer to take service for a period longer than the minimum requirements of the applicable rate schedule. Once

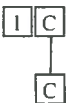
approved by the Company, the service application and connection agreement shall constitute the Sewer Service Contract between the parties and shall bind the respective parties and their successors and assigns, subject to the provisions of these Rules and Regulations.

6.2 Building Sewer. The Customer shall install the Customer's Building Sewer at the Customer's expense. The Building Sewer shall at all times remain the property of the Customer, who shall be responsible for its maintenance and repair. The size, slope, alignment, materials and method of construction of the Building Sewer, including, but not limited to, methods to be used in excavating, placing of pipe, jointing, testing and back filling the trench, shall conform in all respects to all building and plumbing codes and/or other applicable ordinances, rules and regulations of the County of Kauai, State of Hawaii and the Rules and Regulations of the Company. In the event of any conflict between the requirements of these Rules and Regulations and such ordinances, rules and regulations of the County of Kauai or State of Hawaii, the strictest shall apply, unless the same may under the law and is waived by the Company, in its sole discretion. Wherever any drain is too low to permit gravity flow to the Company's Sewer System, sewage carried by such drain shall, at the Customer's cost, be lifted by an approved means to a level necessary to permit its discharge into the Building Sewer.

6.3 Service Connection. When the application has been approved, the Service Connection will be installed by the Company at the expense of the Applicant. All Service Connections shall become the property of the Company for its operation and maintenance after installation, and new connections or disconnections may be made thereto by the Company at any time. The Customer shall be responsible for the maintenance and repair of the lines located within the Customer's property, while the Company shall be responsible for the maintenance and repair of the lines located outside the Customer's property (including the Service Connection). Notwithstanding the above, the Customer shall be liable for damage to equipment, lines or other Company property, wherever located, if the damage is caused by the Customer. If the damage is caused by tree roots, the Company shall be responsible for initial tree root damage or blockage to sewer lines within the public right-of-way or within a utility easement along the Company's sewer main. If damage is caused by a tree on the Customer's property, or which is the responsibility of the Customer to maintain, the Customer shall be responsible for the Company's costs to repair subsequent damage to the sewer lines.

6.4 Start of Service. Unless otherwise provided by mutual agreement between the Company and the Customer, monthly operating charges will begin when the connection of the Building Sewer is made to the Company's Sewer System and will continue thereafter until service is terminated pursuant to the Customer's request or until service is discontinued by the Company for failure of the Customer to comply with these Rules and Regulations.

6.5 Connection Fee. A connection fee of not less than \$125.00 (or such other amount the Company estimates to be the cost to review, inspect and approve the Service Connection) shall be required of the Applicant before the connection is installed.



6.6 **Connection Authority.** Only employees of the Company or duly licensed contractors approved by the Company (and on the then current approved list) will be permitted to connect, disconnect, or provide maintenance to the Service Connection to the Company's Sewer System.

6.7 **Unauthorized Connections or Use.** Anyone occupying or otherwise having the right to possession of property without having made application to the Company for service to such property shall be liable for the sewer service provided to such property from and as of the last date of services for which the Company has received payment. If proper application for service is not made upon notification by the Company to do so, and if accumulated bills for sewer service are not paid within thirty (30) days after deposit in the United States mail or upon other presentation to such person, the sewer service shall be subject to discontinuance without further notice. Any such person shall be deemed a Customer for all purposes relating to compliance with these Rules and Regulations by Customers.

6.8 **Customer Improvements.** A Customer, prior to making any material change in the size, character, or extent of the equipment or operations for which the Company's service is utilized, shall give the Company written notice of the extent and nature of the proposed change not less than sixty (60) days before the change is made. The extent and nature of the change and the resulting quality, character and extent of the influent shall be subject to the Company's approval or disapproval. If approved, the Company's approval may be made contingent upon the Applicant or Customer's payment of the costs of any required alteration of the Company's Sewer System and such other reasonable conditions the Company may impose. The Company's failure to approve or disapprove the change within sixty (60) days after receipt of written notice thereof shall be construed as approval. Failure of the Customer to make such written notification to the Company may result in termination of service.

6.9 **Developer Improvements.** An Applicant requesting service for a Development, or a material change in the size, character, or extent of the equipment or operations for which the Company's service is utilized, shall give the Company written notice of the extent and nature thereof, together with sewer service related plans and specifications therefor, not less than ninety (90) days before the construction of the Development is to be undertaken. The extent and nature of the Development with respect to sewage disposal shall be subject to the Company's approval or disapproval. If approved, the Company's approval will be contingent upon the Applicant or Customer's payment of the costs of any alteration of the Company's Sewer System and such other reasonable conditions the Company may impose. In addition, the Applicant shall also reimburse the Company for the reasonable costs incurred by the Company in reviewing the plans and specifications, as well as any inspections conducted by the Company or its designated representatives during construction of the Development. The Company's failure to approve or disapprove the change within sixty (60) days after receipt of written notice thereof shall be construed as approval. Failure of the Customer to make such written notification to the Company may result in termination of service.

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6.10 **Alterations to Sewer System.** All work and materials in connection with the change in location, elevation or any other alteration to any part of the Company's Sewer System made necessary or required by a new Service Connection or any change in location, flow, character, size or extent of the equipment or operations for which the Company's service is utilized, shall be done and furnished by the Company or by duly licensed contractors approved in writing by the Company, and shall be paid for by the Applicant or Customer as the case may be. Unless abandoned in writing by the Company, all such work and materials, when completely installed, shall be and remain the sole property of the Company.

6.11 **Size of Service Connection.** The Company will determine the location and may approve the size of all Service Connections to its systems. No Service Connection or sewer main will be installed by the Company in any private road, lane, street, alley, court or place, unless the Company is given proper easements or other rights satisfactory to the Company for the main or Service Connection. Otherwise, an Applicant desiring sewer service to property fronting on such private roads, lanes, etc., must extend the Customer's collection pipe to the nearest public street on which a sewer main exists. The Company also reserves the right to limit the number of houses and other buildings and/or the area of land to be serviced by any one or more Service Connections.

6.12 **Costs of Changes to Service Connection.** When the proper size of Service Connection for any premises has been determined and the installation has been made, the Company has fulfilled its obligations insofar as the size of the service and the location are concerned. If the Customer subsequently desires a change in size of the Service Connection or a change in the location thereof, the Customer shall bear all costs of such change.

6.13 **Sewer Cleanout.** A readily accessible sewer cleanout shall be installed by the Customer on the Building Sewer at a location to be determined in consultation with the Company. If a replacement of the cleanout is necessary, it shall be installed and paid for by the Customer.

6.14 **Survey.** When required by the Company, contours or elevations of the service premises shall be furnished by the Applicant, based upon appropriate ground survey approved by the Company.

6.15 **Easements.** The Customer shall provide any necessary easement requested by the Company to access and to utilize the cleanouts described in Section 6.13 and to perform such other activities on the Customer's premises that are necessary and required for the maintenance and operation of the Sewer System.

RULE 7: SERVICE CONTRACTS

7.1 **Service Contracts Required.** Service contracts will be required as a condition precedent to service under all circumstances. Special user or use specific service contracts (herein "Special Contracts") may be required by the Company in those circumstances where alteration of any part of the Company's Sewer System is required or made necessary under Rule 6, in connection with the Company's extension of service to a Development, or under those circumstances described at Section 4.4 of Rule 4.

7.2 **Large or Unusual Loads.** A Special Contract may also be required of a Customer if the provision of service to such Customer will require the Company to make a substantial investment in facilities. Such contract may include termination charges, a guaranteed minimum charge and/or a service extension charge higher than as specified in the Company's rate schedule.

7.3 **Commission Approval.** Form contracts for regular sewer service provided under the Company's tariffs are attached to these Rules and Regulations and have been authorized by the Public Utilities Commission. Any Special Contract for service other than that provided hereunder or the attached form contracts must be authorized by the Public Utilities Commission prior to the effective date of such special contract. Any such contract is and shall be made specifically contingent on such approval, which shall be sought by the Company at the Applicant's cost.

7.4 **Amendment by Commission.** Each Service Contract and Special Contract shall be at all times subject to change or modification by the Public Utilities Commission as the Commission may from time to time direct in the exercise of its jurisdiction.

RULE 8: METER READING AND RENDERING OF BILLS

8.1 Payment of Bills. Bills for service shall be rendered in advance monthly or bimonthly at the option of the Company. All bills shall be due and payable upon deposit in the United States mail, receipt by the Customer, or as dated. Payment shall be made by personal check, cashier's check, money order through the U.S. mail or, at the Company's option, to duly authorized collectors of the Company. In addition, payment may also be done via automatic clearing house (ACH) or other acceptable electronic fund transfer (EFT) methods. If any bill is not paid within sixty (60) days after presentation or deposit in the United States mail, the sewer service shall be subject to discontinuance in accordance with Rule 9. In all such circumstances, there will be a reconnection charge for standard Service Contract Customers of \$45.00 for residential users and \$100.00 for industrial and commercial users. Additionally, the Customer shall be required to reimburse the Company for any labor and material expenses incurred in the reconnection and to pay any amount due for past services in order to re-establish sewer service. The reconnection charge for Special Contract users shall be in the amount set forth in the respective Special Contract or other applicable contract for other users.

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8.1.1 If the charges payable hereunder by the Customer are not paid on or before the due date, there shall be added as a late payment charge an amount equal to one percent (1%) per month of the delinquent balance. A charge of \$25.00 will be imposed for each check returned unpaid to the Company. If a Customer fails to pay the charges payable hereunder on or before the due date and the Company is required to undertake additional measures to pursue collection of the overdue sums, in addition to the remedies available hereunder, the Customer shall reimburse the Company for the reasonable costs incurred by the Company in connection with such collection measures.

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8.2 Disputed Bills. The Customer shall submit any dispute regarding the charges appearing on the bill to the Company in writing no later than twenty (20) days following the due date for the bill. The Company shall furnish a written response regarding its investigation and determination as to the correctness of or any adjustments to the bill within twenty (20) days of its receipt of the written dispute. Notwithstanding any such dispute, the Customer shall pay the disputed bill, under protest, within the time required by this Rule to avoid discontinuation of service. In the event that the Company and the Customer cannot resolve the dispute within thirty (30) days after notice of the dispute has been received by the Company, the dispute will be submitted to a single arbitrator for final determination in accordance with the Commercial Arbitration Rules of the American Arbitration Association. In the event the Customer and the Company are unable to agree upon a single arbitrator, the arbitrator shall be selected in accordance with said Commercial Arbitration Rules.

8.3 Water Consumption Metering. When the monthly sewer quantity charge is based on metered domestic water consumption, the water meter readings may be performed by the Company, and Sections 8.4, 8.5 and 8.6 of this Rule 8 shall apply. Special readings will be made, when necessary, for closing accounts or for other reasons.

8.4 Separate Metering. Where premises are served by more than one water meter, the Company may, for the purpose of computing charges, bill for service based on separate or combined meter reading.

8.5 Meter Averaging. If a meter fails to register due to any cause except the non-use of water, an average bill may be rendered. Such average bill will be subject to equitable adjustment taking into account all factors before, during, and after the billing period.

8.6 Meter Testing. Any Customer who, for any reason, doubts the accuracy of the meter serving the Owner's premises may request a test of the meter from the Department of Water. If such a test is permitted by the Department of Water, the Customer may witness the test, with the Department of Water's permission, if the Customer so desires. Any charges levied by the Department of Water for meter tests will be paid by the Customer.

8.6.1 If, as a result of the test, the meter is found to register more than two percent fast (+ 2 %) under conditions of normal operation, the Company will refund to the Customer the overcharge based on past consumption for a period not exceeding six months, unless it can be proved that the error was due to some cause, the date of which can be fixed. In this latter case, the overcharge shall be computed back to, but not beyond, such date.

8.6.2 If, as a result of the test, the meter is found to register more than two percent slow under conditions of normal operation, the Company will bill the Customer the undercharge based on past consumption for a period not exceeding six months, unless it can be proved that the error was due to some cause, the date of which can be fixed. In this latter case, the additional charge shall be computed back to, but not beyond, such date.

8.7 Submetering for Determining Sewage Generation. For any industrial or commercial Customer that utilizes a disproportionate amount of domestic water in relation to the overall sewage that is actually generated, upon application to and approval by the Company, such Customer may install, at the Customer's cost and expense, a submeter to the domestic water line located on the Customer's property for purposes of calculating the monthly sewer quantity charge assessed to such Customer.

8.7.1 In applying to the Company for the installation of a submeter, the Customer shall provide "as-built" plans, fixture unit counts, sewage generation estimates, water consumption records, a water budget which includes estimates of irrigation and other water usage which doesn't result in sewage generation, and any other information reasonably required by the Company.

8.7.2 The Customer shall provide to the Company, at its cost and expense, a proposed plumbing plan revision which includes an in-line submeter that effectively segregates domestic water usage into sewage generating and non-sewage generating areas. After review and approval by the Company, as well as by any other agency, entity, or organization having jurisdiction over the installation, if applicable, the Customer shall install the submeter and implement the proposed plumbing revisions in accordance with the terms of such approvals.

8.7.3 After the installation of the submeter, the Company may periodically perform water meter readings on the Customer's submeter and master meter.

8.7.4 Any approved submeter shall remain the property of the Customer and shall be maintained at the Customer's own cost and expense.

8.7.5 The Company may, from time to time, request a test of the submeter at the Customer's cost and expense. If, as a result of the test, the submeter is found to register more than two percent fast (+ 2 %) under normal conditions of operation, the Company will refund to the Customer the overcharge based on past consumption for a period not exceeding six months. Conversely, if the meter is found to register more than two percent slow (-2 %) under conditions of normal operation, the Company will bill the Customer the undercharge based on past consumption for a period not exceeding six months. Upon the determination that the submeter is inaccurate, the Customer shall, at its sole cost and expense, recalibrate the submeter to correct the discrepancy.

8.7.6 If the Company discovers any evidence of tampering of the submeter, the Company shall have the right to immediately revert the billing of the sewer quantity charge based on the overall domestic water consumption readings from the master meter.

8.8 Reading of Submeter Billings. The Company shall render its billings to the Customer based on the actual readings derived from the submeters. In addition to the sewer quantity charge assessed to such Customer, the Company will assess the Customer an administrative fee of \$10.00 per billing period.

8.8.1 After the Company has recorded a minimum of three consecutive months of submeter readings (the "Base Period"), the Company reserves the right to render an estimated bill which is based on a usage percentage calculated by dividing the Customer's average monthly domestic water use attributable to sewage generation during the Base Period by the Customer's overall domestic water consumption derived from actual master meter results for the applicable billing period. For the billing period immediately following the billing period in which an estimated bill was rendered, the Company shall render a bill which reconciles the actual results with the estimated results based on actual submeter readings for the applicable billing period.

RULE 9: DISCONTINUANCE OF SERVICE

9.1 Discontinuance at Customer's Request.

9.1.1 Each Customer intending to terminate such Customer's responsibility for service shall give the Company not less than thirty (30) days' written notice of such intention prior to vacating the premises and shall specify the date the termination is desired to become effective. As part of the Customer's notice of intention to discontinue service to the premises, the Customer shall concurrently provide evidence that potable water service from the Kauai Department of Water is also being discontinued or terminated. A Customer may be held responsible for all services furnished to the Customer's premises until thirty (30) days after receipt of such notice by the Company, or until the date the Building Sewer is disconnected by the Company, at the Customer's expense, from the Company's Sewer System, whichever date is later. The materials and methods used in disconnecting the Building Sewer shall conform to all building and plumbing codes and/or other applicable ordinances, rules and regulations of the County of Kauai and these Rules and Regulations. In the event of any conflict between the requirements of these Rules and Regulations and such ordinances, rules and regulations of the County of Kauai, the stricter shall apply. Before any buildings are demolished by or at the direction of the Customer, the Customer shall notify the Company as hereinabove provided, so that the Service Connection can be closed by the Company, at the Customer's expense.

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9.1.2 Closing bills will ordinarily be prorated based on the number of days in the billing cycle elapsed since the last bill. Where billing is based on water consumption metering, the closing bill will ordinarily be determined by measuring the amount of water used since the last bill, as indicated by the meter reading, and multiplying that amount by a pro-rated service charge. In pro-rating service charges, a billing month will be considered as 30 days. If a meter cannot be read (in cases where sewer quantity charges are based on metered domestic water consumption), an estimated billing will be rendered.

9.2 **Discontinuance by the Company.** The Company may refuse or discontinue service in the manner provided for any of the following reasons:

9.2.1 Upon five (5) days' written notice to the Customer for non-payment of a bill within sixty (60) days after the mailing or presentation thereof to the Customer, provided that the Company has made a reasonable attempt to collect the account.

9.2.2 Upon five (5) days' written notice if, for an Applicant's convenience, the Company should provide service before credit is established, or should continue service to a Customer when credit has not been reestablished, pursuant to Rule 9.

9.2.3 Without notice in the event of a condition determined by the Company to be hazardous. The Company shall have the right to refuse service to any Applicant and to refuse or

discontinue service to any Customer whose equipment or use thereof is determined by the Company to be unsafe or in violation of applicable laws, ordinances, rules or regulations of any public authority, or if any equipment or condition existing upon the premises is determined by the Company to endanger or adversely affect the Company's Sewer System or service to others. The Company does not assume any duty of inspecting or repairing any Applicant or Customer's equipment or any part thereof and assumes no liability therefor.

9.2.4 Without notice in the event of any unauthorized use of the Company's Sewer System or any use in violation of applicable laws, ordinances, rules or regulations of any public authority.

9.2.5 Without notice (unless otherwise specifically provided herein) if the Applicant or Customer fails to comply with any of these Rules and Regulations, or tampers with the Company's Sewer System.

9.2.6 Without notice to protect the Company against fraud, abuse, or disposal of unacceptable wastes.

9.2.7 Without notice for failure of the Customer to permit the Company reasonable access to the Customer's premises and equipment upon request, or to furnish such service equipment, permits, certificates, easements or rights-of-way as shall have been specified by the Company as a condition to obtaining or continuing service, or in the event such service equipment, permits, certificates, easements or rights-of-way are withdrawn, terminated or modified.

9.2.8 Upon reasonable notice to the Applicant or Customer where the demands of the Applicant or Customer will result in inadequate service to others.

With respect to any termination of service for which notice to the Customer is required under this Section 9.2, the Customer's service shall not be discontinued on the day preceding or days on which the Company's business offices are closed, unless provisions are made in the notice for payment or reconnection on days when the Company's business offices are closed.

9.3 **Restoration - Reconnection Charge.** Before restoring service that has been discontinued for nonpayment of bills or for failure to otherwise comply with the Company's tariff, the Company, at the

Customer's sole expense, shall reconnect the Customer's Service Connection. The Customer shall be responsible for all costs incurred in the initial discontinuance of service and in the reconnection thereof (which include those costs described in the definition of the Cost of Service Connection) as well as an administrative reconnection fee of \$50.00. The size, alignment, materials and method of construction, including, without limitation, jointing and testing of the Service Connection, shall conform to all building and plumbing codes or other applicable ordinances, rules and regulations of the County of Kauai and the Company. In the event of any conflict between the requirements of these Rules and Regulations and such ordinances, rules and regulations of the County of Kauai, and/or the State of Hawaii, the strictest shall apply unless the Company agrees otherwise. If the Company deems it necessary under the circumstances, the Company may, at its option, require the Customer to deposit with the Company a sum equal to the Company's estimate of the cost of reconnection (but in no event less than \$400.00) before the reconnection is made. If the actual cost of the reconnection is in excess of the deposit, the Applicant/Customer will be billed and shall pay for the difference within thirty (30) days. If the actual cost is less than the deposit, the Applicant will be refunded the difference.

RULE 10: LIABILITY FOR REPAIR COSTS

The Customer shall be liable for any damage to equipment or property of the Company, wherever located, caused by the Customer or the Customer's tenants, agents, employees, contractors, licensees, or permittees, and the Company shall be promptly reimbursed by the Customer for any such damage upon presentation of a bill therefor. Any damage to Company facilities shall be reported as soon as possible.

RULE 11: INGRESS TO AND EGRESS FROM CUSTOMER'S PREMISES

Any officer or employee of the Company or its authorized representative (which may include an independent third party service) shall have the right of ingress to and egress from the Customer's premises at all reasonable hours for purposes reasonably connected with the furnishing of sewer service to said premises and the exercise of any and all rights secured to the Company by law or these Rules and Regulations. In case any such officer or employee is refused admittance to any premises, or being admitted shall be hindered or prevented from making such inspection, the Company may cause the sewer

service to be discontinued from said premises after giving 24 hours' notice to the Customer, owner or occupant of said premises of the Company's intention to do so.

RULE 12: CONTRIBUTION IN AID OF CONSTRUCTION (FACILITIES CHARGES)

12.1 Payment. As a condition of receiving new service from areas outside of the Company's Service Area I as shown on the attached map, or substantially increasing sewage outflow volume from new customers in Service Area II or substantially modified facilities in both Service Areas I and II, Applicants shall pay a non-refundable contribution in aid of construction to the Company. Provided, however, that as a further condition for providing new service to an Applicant from Service Area II, the Company's sewage treatment plant treatment capacity must be expanded, at no cost to the Company or Service Area I Customers, to its ultimate 3 million gallons per day design capacity.

12.2 Use of Payment. Contribution-in-aid-of-construction payments are used by the Company to install or pay for facilities required to serve such Applicants or Customers. "New facilities" means premises or facilities that have not been connected to the Company's Sewer System prior to October 7, 1993. "Substantially modified facilities" shall mean in the case of Service Area I premises or facilities to which any material change is made in the size of the premises or facilities, or in the character or extent of any commercial activities conducted at the premises or facilities from that allowed by zoning or actual use as of October 7, 1993, and in the case of Service Area II, that which was in place at the date of hook-up of those premises, that results in an estimated increase in sewage outflow contribution by the premises in excess of twenty (20) per cent. The facilities which will use the payments include, but are not limited to:

12.2.1 Construction of new primary collection laterals and main extensions;

12.2.2 Construction of new holding and treatment ponds and injection wells;

12.2.3 Construction of new primary collection systems or improvements to increase the capacity or efficiency of existing primary collection systems;

12.2.4 Preparation, engineering and design work necessary to the construction of new sewer treatment facilities; and

12.2.5 Related improvements intended to increase the capacity, efficiency or quality of the primary sewer system.

12.3 Time of Payments. The contribution in aid of construction required as a condition of service to a new facility shall be payable only once for such facility, provided that an additional contribution in aid of construction may be required from developers or commercial or industrial Customers for facilities that are substantially modified.

12.3.1 The contribution in aid of construction for new facilities shall be payable (a) fifty per cent (50%) within 90 days of issuance of a "will serve" letter by the Company to the Applicant, and (b) the remaining fifty per cent (50%) no later than five (5) calendar days prior to the requested connection date to the Company's Sewer System. If the initial 50 per cent is not paid within 90 days after issuance of a "will serve" letter, the "will serve" letter shall be null and void. Any "will serve" letter issued by the Company shall not be binding until and unless payment is timely received.

12.3.2 The contribution in aid of construction for substantially modified facilities shall be payable (a) within thirty (30) days after the Customer receives a building permit, or (b) as of the date upon which the Customer increases sewer treatment facility usage as a result of the modification, if the Customer fails to provide the Company with prior written notice of the modification.

12.4 Amount of Payment. The amount of the contribution in aid of construction shall be \$10.00 per gallon of estimated daily sewage discharge from the premises, adjusted where appropriate for the estimated volume(s) and quality of the wastewater. The amount of the contribution in aid of construction shall be calculated on the basis of the Company's estimate of (a) the outflow from the Customer's premises in the case of new facilities, (b) the volume or character of the outflow and/or (c) the increase in outflow from the Customer's premises in the case of substantially modified facilities.

In addition, such Applicants or Customers shall be required to pay to the Company all Hawaii and Federal income tax, together with Hawaii general excise tax (any replacement tax), and any other taxes, fees or charges of any kind, if any, applicable to the amount of the contribution in aid of construction paid to the Company, calculated at the marginal income tax rate applicable to corporations.

12.5 **Estimated Demand.** The following guidelines are currently being used by the Company to estimate the demand placed on the Company's sewage treatment plant facilities:

- a. Residential units:
 - Single family - 400 gpd (gallons per day)
 - Multi family - 250 gpd
- b. Other uses by estimate of consumption

These guidelines are approximate and each development will be evaluated based on design.

12.6 **New Facilities.** In lieu of providing the contribution in aid of construction required by this Rule, developers and other commercial and industrial Applicants and Customers may be permitted, at the Company's option, to construct and install, or to arrange for the construction and installation of, the new sewage treatment plant facilities required to serve such Applicants or Customers. Such installations, if permitted by the Company, shall be made in accordance with plans and specifications approved by the Company and shall be made by contractors approved by the Company. The cost of such installations, including the cost of inspection and supervision by the Company, shall be paid directly by the Applicant or Customer. The Applicant or Customer shall provide the Company with statements of the actual construction cost in reasonable detail. All facilities installed hereunder shall become the sole property of the Company, and shall be dedicated to the Company upon completion (in a manner satisfactory to the Company), free and clear of any liens, mortgages or other encumbrances, through appropriate deeds, rights of way, easements, bills of sale or other instruments as required by the Company. In addition, such Applicants or Customers shall be required to pay to the Company all Hawaii and federal income tax, together with Hawaii general excise tax (any replacement tax), and any other taxes, fees or charges of any kind, if any, applicable to the contribution of the facilities, calculated at the marginal income tax

rate applicable to corporations, and the Company shall not be required to accept the dedication prior to its receipt of such payment.

RULE 13: SYSTEM EXTENSIONS

13.1 Extension Agreement. Extensions of secondary sewer mains from the Company's Sewer System to serve new Customers, and connections to sewer main extensions with respect to which Customer contributions were made, shall be made under the provisions of this Rule. A contract concerning extension of the secondary sewer main in a form and of a content approved by the Company shall be executed by the Company and the Applicant or Customer before the Company begins construction work on such a main. Alternatively, if the Applicant or Customer constructs an extension of a secondary sewer main, the contract shall be executed before the facilities comprising the extension are transferred to the Company.

13.2 Refundable and Non-refundable Contributions. Customer contributions may be either refundable or non-refundable depending on their use. For the purposes of this Rule, the "non-refundable construction cost" shall be the cost to install facilities of adequate capacity for the service requested. If the Company, at its option, determines that it is appropriate to install facilities with a larger capacity or with greater footage or extension than required for the service requested, the "oversizing cost," for the purpose of this Rule, shall be the difference between the total construction cost of the facilities installed and the non-refundable construction cost. Such "oversizing cost" shall be subject to refund in accordance with Sections 13.7 and 13.8 of this Rule.

13.3 Ownership. Ownership, design and construction of facilities shall be in accordance with the following provisions:

13.3.1 Any facilities installed hereunder shall be the sole property of the Company.

13.3.2 The size, type, and quality of materials, and their location, shall be specified by the Company, and the actual construction shall be done by the Company or by a contractor approved by the Company. As built plans of such facilities shall be prepared and provided to the Company at the Customer's cost within thirty (30) days of the provision of service.

13.3.3 When an extension must comply with an ordinance, regulation, or specification of a public authority, the estimated and actual construction costs of the extension shall be based upon the facilities required to comply therewith.

13.3.4 The Company may, but shall not be required to, make secondary sewer extensions under this Rule in easements or rights of way where final grades have not been established, or where street grades have not been brought to those established by public authority. If extensions are made when grades have not been established and there is a reasonable probability that the existing grade will be changed, the Company may require that the Applicant or Customer deposit, at the time of executing the contract for the extension, the estimated net cost of relocating, raising or lowering facilities upon final grades. Adjustment of any differences between the amount so deposited and the actual cost of relocating, raising or lowering facilities shall be made within ten days after the Company has ascertained such actual cost. The net deposit representing actual cost is not subject to refund. When such displacements are determined by proper authority not to be required, the entire deposit related to the proposed relocation, raising or lowering shall be refunded.

13.4 **Cost Estimates.** Estimates, plans and specifications shall be required of the Applicant as follows:

13.4.1 As part of applying for a secondary sewer main extension, the Applicant or Customer's engineer shall prepare a preliminary sketch and rough estimates of the cost of installation to be contributed by the Applicant or Customer.

13.4.2 The Company shall review plans submitted to it within a reasonable time after receipt of such plans, specifications and cost estimates of the proposed sewer main extension. If the secondary extension is to include oversizing of facilities for which there will be an oversizing cost, appropriate details shall be set forth in the plans, specifications and cost estimates.

13.4.3 The Applicant or Customer shall furnish a map to a suitable scale showing the street and lot layouts and, when requested by the Company, contours or other indication of the relative elevation of the various parts of the area to be developed. If changes are made subsequent to the presentation of this map by the Applicant or Customer, and these changes require additional expense in revising plans, specifications and cost estimates, the Applicant or Customer's engineer shall make those changes at no expense to the Company.

13.5 Timing of Contributions. Timing and adjustment of the Applicant or Customer's contributions shall be in accordance with the following provisions:

13.5.1 Unless the Applicant or Customer elects to arrange for the installation of the extension directly, as permitted by Section 13.6.5 of this Rule, the full amount of the required contribution will be required by the Company when the sewer main extension contract is executed. At its sole discretion, the Company may accept a surety bond.

13.5.2 If the Applicant or Customer posts a surety bond in lieu of cash, such surety bond must be replaced with cash not less than ten (10) calendar days before construction is to commence. However, the Applicant may be required to deposit sufficient cash to cover the cost of materials before they are ordered by the Company.

13.5.3 An Applicant or Customer who makes a contribution shall be provided with a statement of actual construction cost and oversizing cost showing in reasonable detail the costs incurred for material, labor, any other direct and indirect costs, overhead, and total costs, unit costs or contract costs, whichever are appropriate. The statement shall be submitted with a reasonable time (generally 30 days) after the actual construction costs of the installation are ascertained by the Company.

13.5.4 Any difference between the actual construction costs and the total amount of the Applicant or Customer's contribution shall be shown as a revision of the amount of the contribution, and shall be payable by the Applicant or Customer, or by the Company, as appropriate, within thirty (30) days after the statement is submitted.

13.6 Refunds. Contributions and refunds under this Rule shall be treated in the following manner:

13.6.1 Unless the procedure outlined in Section 13.5 is followed, an Applicant for a secondary sewer extension to serve a new Development, subdivision, tract, project, industrial or commercial development, etc., shall be required to pay to the Company, before construction commences, a non-refundable contribution equal to the estimated non-refundable construction cost of the sewer extension to be actually installed, from the nearest Company facility at least equal in size or capacity to the main required to serve both the new Customer and a reasonable estimate of the potential Customers

who might be served directly from the secondary sewer main extension without additional extension. The cost of the secondary sewer extension shall include necessary connections, pipes, fittings, valves, valve boxes, booster stations, pressure regulating stations, and other sewer system collection appurtenances.

13.6.2 If special facilities consisting of items not covered by Section 13.1 are required for the service requested, the cost of the special facilities shall be included in the Customer contribution.

13.6.3 In addition to the non-refundable contribution required by Sections 13.1 and 13.2, an Applicant or Customer shall be required to advance to the Company the oversizing cost estimated by the Company for the secondary sewer main extension deemed to be appropriate by the Company. (This additional contribution shall be refundable in accordance with Sections 13.7 and 13.8 of this Rule.)

13.6.4 A "pioneer," for the purposes of this Rule, shall be a developer/Customer who makes a contribution to pay the cost of oversizing a secondary sewer main extension.

13.6.5 In lieu of providing the contribution in accordance with Sections 13.1, 13.2 and 13.3, the Applicant or Customer shall be permitted, if deemed to be qualified in the judgment of the Company, to construct and install the facilities, or to arrange for their installation. If secondary main extension facilities are arranged for by the Applicant or Customer and constructed by others, the secondary extension shall be installed pursuant to competitive bidding procedures unless waived by the Company. The cost, including the cost of inspection and supervision by the Company, shall be paid directly by Applicant or Customer. The Applicant or Customer shall provide the Company with a statement of actual construction costs in reasonable detail. The installation shall be in accordance with the plans and specifications submitted by the Company pursuant to Section 13.4 of this Rule. All facilities shall be dedicated to the Company through appropriate deeds, rights of way, easements, bills of sale or other instruments as required upon completion, in accordance with Section 13.3.1 of this Rule.

13.6.6 If a subsequent Applicant or Customer connects to a secondary sewer main extension which was paid for by one or more pioneers, that subsequent Applicant or Customer shall be required to pay a non-refundable extension refund charge equal to its proportionate share of the oversizing cost of such secondary sewer extension based on anticipated consumption. Such extension refund charge shall only be assessed to the extent that it is to be paid by the Company to the pioneer or pioneers pursuant to Sections 13.7 and 13.8.

13.6.7 A refund of all or part of the refundable Customer contribution made by a pioneer shall be made if subsequent Applicants or Customers are provided service from the secondary sewer main extension and pay an extension refund charge based on their proportionate share of the oversizing cost of the secondary main extension. The refunds, if any, shall be made from subsequent extension refund charges covering a proportionate share of the oversizing cost for the sewer main extension.

13.6.8 Refunds to pioneers, if any, will be made annually in the first quarter of each applicable year to pioneers on record as of December 31 of the previous year, for a period of ten years following the year that the secondary sewer main extension was placed into service. Refunds shall be made without interest. The total refunds which a pioneer may receive shall not exceed the amount of the Customer contribution paid by the pioneer.

13.6.9 All Customer contributions and extension refund charges shall include the Hawaii and federal income tax applicable to the contribution calculated at the marginal income tax rate applicable to corporations, together with and any applicable Hawaii general excise tax.

13.7 **Assignment.** After settlement of actual construction costs, any contract entered into under this Rule 13 may be assigned, provided the approval of the Company is first obtained, which approval will not be unreasonably withheld. Such assignment shall apply only to those refunds which become due more than thirty (30) days after the date of receipt by the Company of the notice of assignment. The Company shall not be required to make any one refund payment under such contract to more than a single assignee.

13.8 **Termination.** Secondary sewer main extension contracts may be terminated as follows: Any contract entered into under Section 6 of this Rule may be purchased by the Company and terminated, provided the payment is not in excess of the remaining contract balance.

RULE 14: COMPANY'S EQUIPMENT ON CUSTOMER'S PREMISES

All equipment belonging to the Company and installed upon the Customer's premises for measurement, testing, checking or any other purpose shall continue to be the property of the Company, and may be repaired, replaced or removed by the Company at any time without the consent of the

Customer. The Customer shall exercise reasonable care to prevent damage to equipment of the Company upon the Customer's premises and shall in no way interfere with the operation of the same.

RULE 15: SEVERABILITY

If any Rule, section, sentence, clause, or phrase of these Rules and Regulations or its application to any person or circumstance or property is held to be unconstitutional or invalid, the remaining portions of these Rules and Regulations or the application of these Rules and Regulations to other persons or circumstances or property shall not be affected. The Company hereby declares that it would have adopted these Rules and Regulations, and each and every Rule, section, sentence, clause, or phrase thereof, irrespective of the fact that any one or more other Rules, sections, sentences, clauses, or phrases be declared unconstitutional or invalid.

RULE 16: MISCELLANEOUS

16.1 Governing Law. These Rules and Regulations are made under and shall be governed by the law of the State of Hawaii.

16.2 Notices. All notices, demands or documents which are required or permitted to be given or served hereunder shall be in writing and sent by first class or certified mail, postage prepaid, or by hand delivery to the address of the party as set forth in the Sewer Service Contract, Special Contract or other applicable contract. The parties addresses may be changed from time to time by serving notice to the other party as provided above. Service of such notice or demand shall be deemed complete on the day of actual delivery or at the expiration of the second day after the date of mailing, whichever is earlier.

16.3 Time is of the Essence. Time is of the essence in any performance required by the Customer under these Rules and Regulations. Any delay in performance will be considered material.

16.4 **Arbitration.** Any dispute between the Company and any Customer shall at the election of the Company be referred to arbitration for final and binding resolution under and pursuant to the Rules of the American Arbitration Association.

16.5 **Amendment.** These Rules and Regulations may be amended only by the Company with the approval of the Public Utilities Commission.

AQUA PUHI, LLC
 dba PUHI SEWER & WATER COMPANY

SEWER AND EFFLUENT RATES SCHEDULES

RESIDENTIAL MINIMUM MONTHLY SERVICE CHARGE PER CUSTOMER

Residential (single family and condominium): \$57.00 per month
 (effective upon approval in Step 1, no change in Step 2 or Step 3)

COMMERCIAL MINIMUM MONTHLY SERVICE CHARGE PER CUSTOMER

Meter Size	Step 1 (effective upon approval)	Step 2 (effective upon 6 months after the effective date of Step 1)	Step 3 (effective upon 6 months after the effective date of Step 2)
5/8"	\$266.00	\$257.00	\$248.00
3/4"	\$292.00	\$310.00	\$328.00
1"	\$333.00	\$392.00	\$450.00
1-1/2"	\$363.00	\$452.00	\$540.00
2"	\$395.00	\$526.00	\$652.00
3"	\$512.00	\$750.00	\$988.00

INDUSTRIAL MINIMUM MONTHLY SERVICE CHARGE PER CUSTOMER

Meter Size	Step 1 (effective upon approval)	Step 2 (effective upon 6 months after the effective date of Step 1)	Step 3 (effective upon 6 months after the effective date of Step 2)
5/8"	\$274.00	\$262.00	\$248.00
3/4"	\$300.00	\$314.00	\$328.00
1"	\$340.00	\$395.00	\$450.00
1-1/2"	\$370.00	\$455.00	\$540.00

COMMERCIAL/INDUSTRIAL MONTHLY SEWER TREATMENT CHARGE:

In addition to the Minimum Monthly Service Charge applicable to Commercial and Industrial Customers as noted above, there shall also be a monthly sewer treatment charge based on each 1,000 gallons of metered domestic water consumption used by Commercial and Industrial Customers as calculated by Aqua Puhi, LLC dba Puhi Sewer & Water Company equal to the following for the designated categories of standard use:

Customer Classification	Step 1 (effective upon approval)	Step 2 (effective upon 6 months after the effective date of Step 1)	Step 3 (effective upon 6 months after the effective date of Step 2)
Commercial	\$4.91 per 1000 gallons of water usage	\$5.45 per 1000 gallons of water usage	\$6.00 per 1000 gallons of water usage
Industrial	\$7.18 per 1000 gallons of water usage	\$6.38 per 1000 gallons of water usage	\$6.00 per 1000 gallons of water usage

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EFFLUENT CHARGE:

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Golf Course Irrigation: \$0.50 per 1000 gallons of effluent delivered

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AUTOMATIC POWER COST ADJUSTMENT CLAUSE (APCAC):

The percentage change (increase or decrease) that will be applied to a Customer's monthly service charge/treatment charge (not including the effluent charge) shall be calculated as follows:

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Percent Change = $\frac{[(\text{total kWh for Measurement Period} \times \text{cost per kWh for month immediately preceding calculation}) - \$241,789] / \$1,855,423 \times 100}{1.07683}$

C

C

Measurement Period: The 12-month period immediately preceding the calculation.

\$241,789: The Test Year Electric cost.

C

\$1,855,423: Total proposed revenues for Test Year from residential, industrial and commercial customers (excluding effluent revenues).

1.07683: Gross revenue conversion factor

C

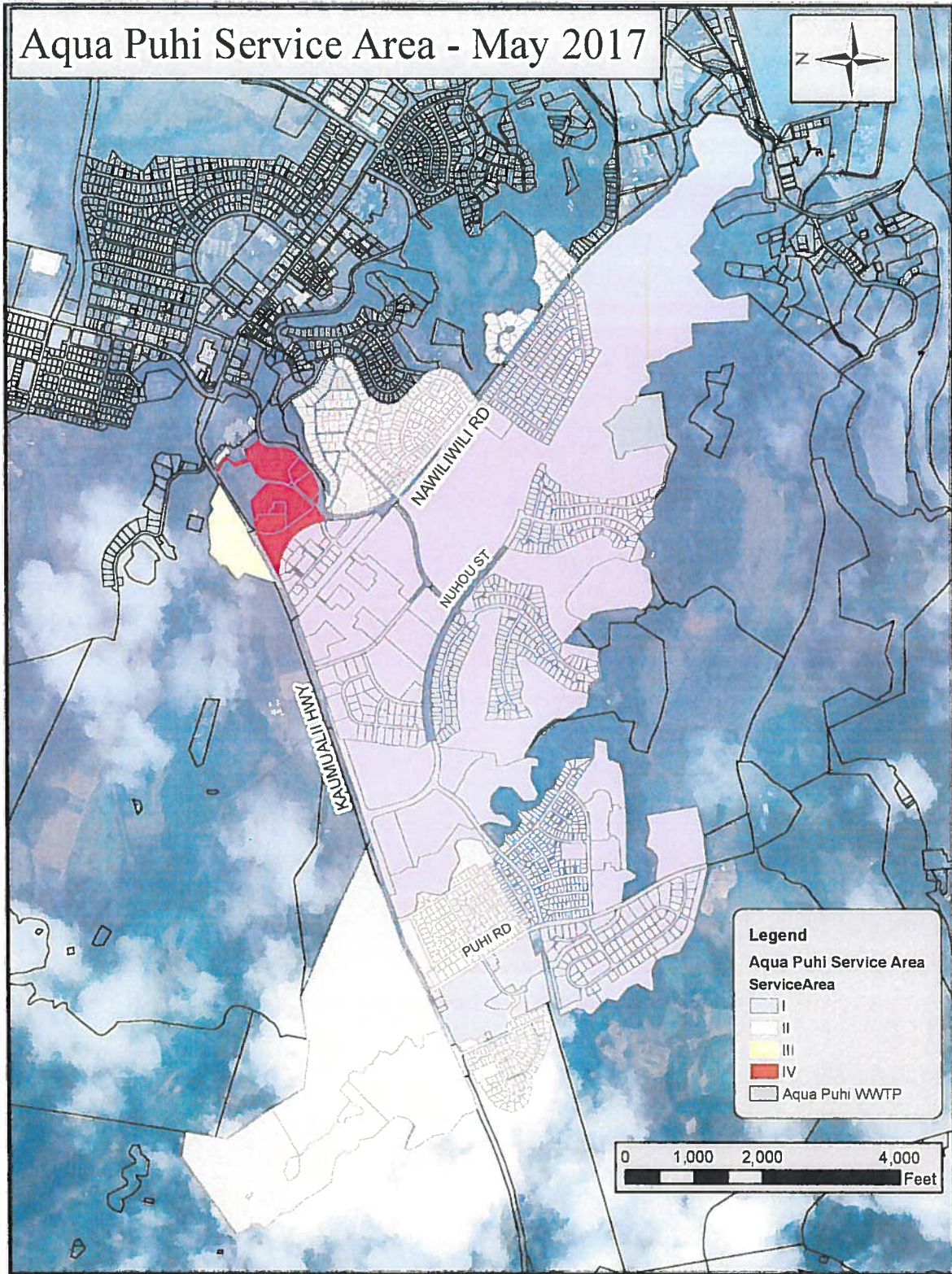


EXHIBIT A

Issued: November 29, 2017

Effective: December 1, 2017

By: Ann Sokei
Authorized Representative
{00110459-2}

Decision and Order No. 35046

RESIDENTIAL SERVICE APPLICATION AND CONNECTION AGREEMENT

To: AQUA PUHI, LLC, dba PUHI SEWER & WATER COMPANY (the "Company")

The undersigned (herein the "Service Recipient"), being the _____,
(fee owner or ground lessee)

whose mailing address is _____,

of the property located at _____, (the "Residence")
(address) and TMK

does hereby request permission to install a building sewer and service connection to serve the residence at such location, pursuant to the Aqua Puhi, LLC, dba Puhi Sewer & Water's Rules and Regulations Governing Rate Schedules and the Provision of Sewer Services to Customers ("Rules and Regulations") set forth in PSWC Tariff No 1.

PERTINENT INFORMATION:

1. Number of Bedrooms or Units and Baths:

_____ Bedrooms _____ Full Baths _____ Half Baths

The following indicated fixtures will be connected to the proposed building sewer.

Number	Fixture	Number	Fixture	Number	Fixture
_____	Kitchen sinks	_____	Bath Tubs	_____	Lavatories (sinks)
_____	Showers	_____	Dishwashers	_____	Washing Machines
_____	Urinals	_____	Garbage disposal	_____	Swimming Pool
_____	Toilets	_____	_____	_____	_____
			(other fixture)		(other fixture)

2. The maximum number of persons who will use the above fixtures is: _____.

3. The name, address, email address and telephone number of the person or firm who will perform the sewer connection work is:

_____	Telephone: _____
_____	Email: _____

4. Plans and specifications for the proposed building sewer are attached hereto.

5. The name, address, email address and telephone number of the person or firm to whom bills and notices are to be sent:

_____ Telephone: _____
Email: _____

6. Date of anticipated service connection _____

AGREEMENT

In consideration of the granting of this Agreement, the Service Recipient agrees:

1. To accept and abide by all conditions and provisions of the Rules and Regulations of the Company (available for viewing on the Company's website).
2. To maintain the building sewer at the Service Recipient's cost and at no expense to the Company.
3. *To notify the Company at the following Telephone: (808) 332-7381 ext. 4; OR Email: pswmail@aquaengineers.com; OR Address: PO Box 31000, Honolulu, HI 96849-5707, when the building sewer and service connection are ready for inspection and connection to the Company's sewer system, but before any portion of the work is covered up. At the time of hookup request, the applicant shall schedule a site inspection with a Company representative.*
4. To cooperate at all times with the Company and its representatives in their inspection, sampling, and study of waters and wastes, and any facilities provided for pretreatment.
5. To notify the Company immediately in the event of any accident, negligence, or other occurrence that occasions discharge into the Company's sewer system of any wastes or process waters not covered by the Rules and Regulations.
6. To notify the Company of any transfer (sale or lease) of the premises and to require the transferee to assume the Service Recipients' obligations hereunder, subject to the approval of the Company.

Issued: November 29, 2017

Effective: December 1, 2017

By: Ann Sokei
Authorized Representative

Decision and Order No. 35046

{00110510-2}

EXHIBIT B

7. This Agreement shall run with the land, whether it is transferred under sale or lease. It shall be the responsibility of the applicant noted in the Agreement to notify the transferee of the stipulation, and of that Recipient's responsibility to inform successors or assigns of the obligations herein.
8. The Service Recipient agrees that sewer service begins at the referenced Property line and that any sewer facilities within the Property area boundaries are the responsibility of the Service Recipient.
9. That notice to the Service Recipient under the Rules and Regulations shall be to the above stated address. Recipient shall notify the Company of any changes to the above stated address.
10. *To pay a connection fee of \$125 per tie-in made payable to Puhi Sewer & Water Company* and to pay on a timely basis for the sewer and standby service provided by the Company at the current monthly rate specified in PSWC Tariff No. 1 and as may be amended from time to time.
11. That all notices to the Company should be made in writing to: Administrative Services, Puhi Sewer & Water Company, PO Box 31000, Honolulu, Hawaii 96849-5707, OR Email: pswmail@aquaengineers.com.
12. That this Agreement shall at all times be subject to such changes and modifications as the Public Utilities Commission of the State of Hawaii may from time to time direct in the exercise of its jurisdiction.

Issued: November 29, 2017

Effective: December 1, 2017

By: Ann Sokei
Authorized Representative
{00110510-2}

Decision and Order No. 35046

Aqua Puhi, LLC
dba Puhi Sewer & Water Company

PSWC Tariff No. 1
First Revised Sheet 44
Cancels Original Sheet 44

I hereby acknowledge receipt of the above-referenced documents, have read the same, and agree to abide by the provisions therein, as well as, the above noted conditions. I am authorized to execute this document on behalf of this Property.

Dated: _____

Signature
(Owner/Lessee)

(Print Name)

or

Signature
Authorized Agent

(Print Name)

(Aqua Puhi, LLC, dba Puhi Sewer & Water Company Use Only)	
Application approved on _____,	20 ____.
Date of Inspection _____,	20 ____.
Date of Connection _____,	20 ____.
Inspection fee paid: \$ _____	Ck# _____ Date _____
AQUA PUHI, LLC, dba PUHI SEWER & WATER COMPANY	
By _____	

Issued: November 29, 2017
By: Ann Sokei
Authorized Representative
{00110510-2}

Effective: December 1, 2017
Decision and Order No. 35046

EXHIBIT B

INDUSTRIAL/COMMERCIAL SERVICE APPLICATION AND CONNECTION AGREEMENT

To: AQUA PUHI, LLC, dba PUHI SEWER & WATER COMPANY (the "Company")

The undersigned (herein the "Service Recipient"), being the _____,
(fee owner or ground lessee)
whose mailing address is _____
(Address)

of property located at _____, (the "Property"), does
(Address)

hereby request permission to install a building sewer and service connection to serve the
_____, which is engaged in _____
(Name of Company) (Type of Business)

at said location, pursuant to the Aqua Puhı, LLC, dba Puhı Sewer & Water Company's Rules and Regulations Governing Rate Schedules and the Provision of Sewer Services to Customers ("Rules and Regulations") set forth in PSWC Tarıff No. 1.

PERTINENT INFORMATION:

1. A plat of the property showing accurately all existing sewers and drains is attached hereto as Exhibit A.
2. Plans and specifications covering any work proposed to be performed under this Agreement are attached hereto as Exhibit B.
3. A complete schedule of all waters and wastes produced or expected to be produced at said property, including a description of the character of each water analysis, if required, is attached hereto as Exhibit C.
4. The name, address, email address and telephone number of the person or firm who will perform the sewer connection work is:

_____ Telephone: _____
Email: _____

5. The name, address, email address and telephone number of the person or firm to whom bills and notices are to be sent:

_____ Telephone: _____
Email: _____

Issued: November 29, 2017

Effective: December 1, 2017

By: Ann Sokei
Authorized Representative
{00110510-2}

Decision and Order No. 35046

6. Date of anticipated service connection _____

AGREEMENT

In consideration of the granting of this Agreement, the Service Recipient agrees:

1. To accept and abide by all conditions and provisions of the Rules and Regulations of the Company available for viewing on the Company's website.
2. To maintain the building sewer at the Service Recipient's cost and at no expense to the Company.
3. *To notify the Company at the following Telephone: (808) 332-7381 ext. 4; OR Email: pswmail@aquaengineers.com; OR Address: PO Box 31000 Honolulu, HI 96849-5707, when the building sewer and service connection are ready for inspection and connected to the Company's sewer system, but before any portion of the work is covered up. At the time of hookup request, the applicant shall schedule a site inspection with a Company representative.*
4. To furnish any additional information relating to the installation or use of said commercial/industrial sewer as may be requested by the Company.
5. To operate and maintain any waste pretreatment facilities as may be required as a condition of the acceptance into the Company's sewer system of the waters and wastes involved, in an efficient manner at all times, and at no expense to the Company.
6. To cooperate at all times with the Company and its representatives in their inspection, sampling, and study of waters and wastes, and any facilities provided for pretreatment.
7. To notify the Company immediately in the event of any accident, negligence, or other occurrence that occasions discharge into the Company's sewer system of any wastes or process waters not covered by the Rules and Regulations.
8. To notify the Company of any transfer (sale or lease) of the premises and to require the transferee to assume the Service Recipients' obligations hereunder, subject to the approval of the Company.
9. This Agreement shall run with the land, whether it is transferred under sale or lease. It shall be the responsibility of the applicant noted in the Agreement to notify the transferee of the stipulation, and of that Recipient's responsibility to inform successors or assigns of the obligations herein.

Issued: November 29, 2017

Effective: December 1, 2017

By: Ann Sokei
Authorized Representative
{00110510-2}

Decision and Order No. 35046

EXHIBIT B

10. The Service Recipient agrees that sewer service begins at the referenced Property line and that any sewer facilities within the Property area boundaries are the responsibility of the Service Recipient.
11. That notice to the Service Recipient under the Rules and Regulations shall be to the above stated address.
12. To pay a connection fee of \$125 made payable to Puhi Sewer & Water Company and to pay on a timely basis for the sewer and standby service provided by the Company at the current monthly rate specified in PSWC Tariff No. 1 and as may be amended from time to time.
13. That all notices to the Company should be made in writing to: Administrative Services, Puhi Sewer & Water Company, PO Box 31000, Honolulu, Hawaii 96849-5707, OR Email: pswmail@aquaengineers.com.
14. That this Agreement shall at all times be subject to such changes and modifications as the Public Utilities Commission of the State of Hawaii may from time to time direct in the exercise of its jurisdiction.

Issued: November 29, 2017

Effective: December 1, 2017

By: Ann Sokei
Authorized Representative
{00110510-2}

Decision and Order No. 35046

EXHIBIT B

I hereby acknowledge receipt of the above-referenced documents, have read the same, and agree to abide by the provisions therein, as well as, the above noted conditions. I am authorized to execute this document on behalf of this Property.

Dated: _____

Signature
Owner/Lessee

(Print Name)

or

Signature
Authorized Agent

(Print Name)

(Aqua Puhi, LLC, dba Puhi Sewer & Water Company Use Only)		
Application approved on _____,	20	_____.
Date of Inspection _____,	20	_____.
Date of Connection _____,	20	_____.
Inspection fee paid: \$ _____	Ck# _____	Date _____
AQUA PUHI, LLC, dba PUHI SEWER & WATER COMPANY		
By _____		