

HAWAII WATER SERVICE COMPANY, INC. POIPU WASTEWATER DISTRICT

GENERAL SERVICE RULES AND REGULATIONS

COVERING THE PROVISION OF

WASTEWATER SERVICE TO CONSUMERS

Post Office Box 384809
Waikoloa, Hawaii 96738

FOREWARD

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

It is the policy of the Company to render adequate and satisfactory service to all Consumers and encourage courtesy to the public by all its employees. The Company's service area is located within specific locations within Poipu, island of Kauai, as shown on the map on Sheet 40.

SYMBOLS

When a change in tariff sheet is filed with the Commission, attention shall be directed to such change by a symbol along the right-hand margin of the tariff sheet utilizing the following symbols as appropriate:

- (C) To signify change in wording of text which may result in change in rate, rule or condition.
- (D) To signify a discontinued rate or regulation.
- (I) To signify increase.
- (L) To signify materials relocated from or to another part of tariff schedules with no change in text, rate, rule or condition.
- (N) To signify new materials including listing, rate, rule or condition.
- (R) To signify reduction.
- (T) To signify change in wording to text but not change in rate, rule or condition.

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RULE I
DEFINITIONS

For the purpose of these Rules and Regulations, unless it is plainly evident from the context that a different meaning is intended, the following words and terms as used herein shall mean:

1. "Applicant" shall mean 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.
2. "BOD" (denoting Biochemical Oxygen Demand) shall mean the quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure in five (5) days at 20 C, expressed in milligrams per liter (mg/l).
3. "Building Sewer" shall mean the sewer line running from the drains within the Customer's property which receive and pass the discharge from soil, waste and other drainage pipes of the Customer to the Company's sewer .
4. The word "Company" shall mean HOH Utilities, LLC, a Hawaii limited liability company.
5. "Company's sewer" shall mean the sewer lines and facilities between the service connection and the Sewage Treatment Plant collection system.
6. "Company's Sewerage System" means the system owned and operated by the Company, including the effluent disposal facilities.
7. The word "Customer" shall mean the person, firm, corporation, partnership, association, or governmental department, whether owner or tenant, whose name appears on the records of the Company as the party responsible and liable for the charges for services from the Company.
8. The term "Cost of Service Connection" shall mean the sum of the cost of the labor, materials, transportation, equipment, and road repair, if any, and other incidental charges necessary for the complete installation of a service connection.
9. "Development" shall mean the improvement of; or construction of improvements on, a lot. The term shall include subdivisions, planned development projects, cluster developments, site development plans, condominium projects and other similar improvements.

RULE I CONT'D
DEFINITIONS

10. "Effluent" shall mean wastewater that is rated R-1 or R-2 reclaimed water as defined by the State of Hawaii Department of Health.
11. The term "Garbage" shall mean the solid wastes from the preparation, cooking, and dispensing of food and from the handling, storage, and sale of produce.
12. "Garbage Properly Shredded" shall mean garbage that has been properly shredded to such a degree that all particles will be carried freely under normal flow conditions in the Company's sewerage system.
13. "Notice of discontinuance" means written notice to the Company by a Customer that the Customer wishes to discontinue service. Notice is effective the date correspondence is stamped as received by the Company.
14. "Offsite Facilities" shall mean collection or trunk sewers which connect the individual building sewers within a particular Development to the nearest practicable point designated by the Company in the Company's sewerage system having a capacity adequate to receive and accommodate the Development ' s sewerage discharge.
15. "pH" shall mean the logarithm or the reciprocal of the weight of hydrogen ions in grams per liter (mg/l) of solution .
16. "Public Utilities Commission," "Commission" and "PUC" shall mean the Public Utilities Commission of the State of Hawaii.
17. "Rules and Regulations" shall mean the Rules and Regulations Covering Sewage Disposal Service 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.
18. "Service" shall mean either the provision of sewerage or effluent service (as applicable) by the Company to Customers within the service limits established by the Company and approved by the Commission.
19. "Service Connection" shall mean the point and installation where the Company's sewer is connected to the building sewer.

RULE I CONT'D
DEFINITIONS

20. "Service Extension Charge" shall mean the fee which the Customer may be required to pay in connection with the Development of the Customer's property.
21. "Sewage Treatment Plant" shall mean all the facilities including the sewage pumping stations, force mains and treatment facilities currently located at the Poipu Water Reclamation Facility.
22. "Slug" shall mean any discharge of water, sewage, or industrial waste which in concentration of any given constituent or in quantity of flow exceeds for any period of duration longer than 15 minutes more than five times the average 24-hour concentration of flows during normal operation.
23. "Special Facilities" shall mean those sewerage facilities (including, without limitation, pumping stations, force mains and sewer mains) which in addition to the Company's then existing sewerage system may be necessary or reasonably required by the Company to transport and dispose of a particular Development ' s sewerage.

RULE II
GENERAL CONDITIONS

1. Any Applicant or prospective Customer whose residential or commercial premises is located within the service areas established by the Company on the map attached 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 prospective Customer shall be provided sewer service, however, unless and until an application for sewer service has been executed by the Applicant or prospective Customer and approved by the Company.
2. The amounts to be paid for sewer service shall be in accordance with the rates on file with the Public Utilities Commission of the State of Hawaii (PUC herein). The Company will be applying to the PUC for sewer service rate increases from time to time to cover (a) operation, (b) future capital and plant improvements, (c) other reasonable and appropriate items as authorized by the PUC, and (d) improvements required for compliance with applicable county, state, federal, environmental agency and other laws and regulations. Total costs for replacement and future capital and plant improvements are not and have not been included in each developer's or owner's purchase price of respective developments or condominiums. The existing rates for the Company are in the Sewer Rate Schedule on Sheet 39.
3. The Company shall not be obligated to provide sewer service to an applicant for service until the applicant for service has paid, in full, any applicable service extension charge which may be established by the Company.
4. Application for sewer service and service connection shall be made in accordance with these Rules and Regulations.
5. An applicant for sewer service shall be required to establish or reestablish credit in accordance with these Rules and Regulations. The amount of deposit required in connection with sewer service shall be the equivalent of two months' charges. Any Customer not having made a deposit and who becomes 60 days delinquent, shall be required to make such deposit.

RULE II CONT'D
GENERAL CONDITIONS

6. A charge equal to the Company's estimate of the cost of the service connection, but in no event less than \$500.00, will be paid by the applicant before the connection for sewer service is made by the Company. If the Customer makes the connection pursuant to Rule V, such charge need not be paid.
7. Billing, payment of bills, and late payment charges for sewer service shall be in accordance with these Rules and Regulations.

RULE III
APPLICATION FOR SEWER SERVICE
AND SERVICE CONNECTION

1. All Customers, regardless of whether or not they have signed an application for service, shall comply with these Rules and Regulations and the rate schedules of the Company, provided, however, any 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. The person signing the application form shall be the Customer and responsible for the payment of all charges for sewer service at the designated location. The application form, a copy of which can be found on the Company's website, shall require the following information:

- (a) Name of applicant.
- (b) Location of premises to be served.
- (c) Date applicant will be ready for service.
- (d) Whether the premises have been heretofore supplied.
- (e) Purpose for which service is to be used, with description of equipment.
- (f) Whether applicant is the owner or ground lessee of premises.
- (g) Mailing address.
- (h) Business address and occupation.
- (i) Reference as requested.

Such other information as the Company may reasonably require, including, without limitation, plans and specifications for any building sewer proposed by the Customer.

All Customers irrespective of whether or not they have signed an application for service shall comply with the Rules and Regulations and the rate schedules of the Company.

The application is merely a request for service and does not bind the Company to serve except under conditions and provisions of these Rules and Regulations

RULE III CONT'D
APPLICATION FOR SEWER SERVICE
AND SERVICE CONNECTION

Service may be granted only to property owners or to those having leases with at least a one (1) year term. Service may be provided to tenants of any lessee or owner if the lessee or owner will guarantee the tenant's service charges.

2. Unless otherwise provided by mutual agreement between the Company and the Customer, charges will begin when connection of the building sewer is made to the Company's sewer and will continue thereafter until disconnected by the Customer or by the Company for failure of the Customer to comply with the Rules and Regulations.
3. When an application for sewer service is made by a former Customer who was responsible for and failed to pay all bills previously rendered by the Company, the Company may refuse to furnish sewer service to such applicant until the outstanding bills are paid.
4. Any person occupying or otherwise having the right to possession of property without having made application to the Company for service to such property shall be treated as a Customer for all purposes relating to compliance with these Rules and Regulations and be held 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 sewer service and Credit Deposit is not made upon notification by the Company to do so, and if accumulated bills for sewer service are not paid or resolved 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 if the Customer fails to take such corrective action within five (5) days after receipt of a discontinuance of service notice from the Company.
5. A Customer, prior to making any material change in the location, size, flow, 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 the plans and specifications therefor not less than sixty (60) days before the change is to be undertaken. The extent and nature of the change shall be subject to the Company's approval, which approval may be contingent upon the Customer's payment of the cost of any alteration to the Company's sewerage system as provided in Rule V, paragraph 8 below. 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.

RULE IV
ESTABLISHMENT AND RE-ESTABLISHMENT
OF CREDITS AND DEPOSITS

1. Establishment of Credit. Each applicant for service will be required to establish credit in one of the following ways before service will be rendered:
 - (a) Establish a record of prompt payment for service for one (1) year without having been disconnected for nonpayment during such period.
 - (b) Have a substantial equity in the premises to be served, or in other real estate located within the Company's area of service of substantial value in relation to charges for service to be rendered.
 - (c) Furnish a guarantor satisfactory to the Company to secure payment of bills for the service requested.
 - (d) Make a cash deposit to secure payment of bills for service to be furnished by the Company, as provided in paragraph 3 of this rule.
2. Re-establishment of Credit.
 - (a) An applicant who previously has been a Customer of the Company 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 paragraph 1 of this rule.
 - (b) A Customer may be required to reestablish credit in the manner prescribed in paragraph (a) of this rule in case the basis on which credit was originally established has materially changed.
 - (c) 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 paragraph 1.(d) of this rule. Failure to reestablish credit at the request of the Company will subject the Customer to a discontinuation of sewer service.

RULE IV CONT'D
ESTABLISHMENT AND RE-ESTABLISHMENT
OF CREDITS AND DEPOSITS

3. Deposits. The Company may require from any Customer 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.
4. Interest on Deposits. Simple interest at the rate of two percent (2%) per annum shall be paid by the Company on standard Customer deposits described in paragraph 3 of this rule 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. Refunds
 - (a) 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.
 - (b) 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 twelve months.
 - (c) The Company may refund the deposit at any time upon request, provided that the Customer's credit may otherwise be established as provided in paragraph 1 of this rule.
 - (d) 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 V
CONNECTIONS AND CLEAN-OUTS

1. Service Connection. When the application for a service connection has been approved, such connection shall be installed by the Customer at the Customer's expense. Thereafter the connection shall be and remain the sole property of the Company, but the Customer shall be responsible for its maintenance and repair. The size, alignment, materials and method of construction, including without limitation, jointing and testing of the service connection shall conform to the building and plumbing code or other applicable rules and regulations of the County of Kauai and the Company. In the event of any conflict between the building and plumbing code or other applicable rules and regulations of the County of Kauai and the Rules and Regulations of the Company, the stricter shall apply, unless otherwise agreed to by the Company.
2. Connection Charge. If the Company deems it necessary under the circumstances, it may at its option install the Customer's service connection at the Customer's expense. In such event a charge equal to the Company's estimate of the cost of the service connection, but in no event less than \$500.00, will be paid by the applicant before the connection is installed. If the actual cost is less than the payment, the applicant will be refunded the difference. If the actual cost is more than the payment, the applicant shall pay the difference to the Company upon receipt of the Company's billing therefor.
3. 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 sole 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 without limitation, the methods to be used in excavating, placing of pipe, jointing, testing and backfilling the trench, shall conform to the requirements of the building and plumbing code or other applicable rules and regulations of the County of Kauai and the Company. In the event of any conflict between the building and plumbing code or other applicable rules and regulations of the County and the Rules and Regulations of the Company, the stricter shall apply, unless otherwise agreed to by the Company. Wherever any drain is too low to permit gravity flow to the Company's sewer, sewage carried by such drain shall be lifted by an approved means and discharged to the building sewer.
4. Connection to Company's Sewer Main. Only employees of the Company or duly licensed contractors approved by the Company will be allowed to connect or disconnect the Service connection to or from the Company's sewer main.

RULE V CONT'D
CONNECTIONS AND CLEAN-OUTS

5. Size of Service Connection. The Company will determine the location and size of all service connections to its system. The Company also reserves the right to limit the number of houses or buildings and/or the area of land to be serviced by any one or more service connections.
6. Change in Location or Size of Service Connection. If the Customer desires a change in size of the service connection or a change in the location thereof, he shall bear all costs of such change.
7. Sewer Clean-Out. A readily accessible sewer clean-out will be installed by the Customer on the Customer's building sewer at a location to be determined by the Company. If a replacement of the clean-out is necessary, it shall be done and paid for by the Customer.
8. Alteration to Sewerage System. All work and materials in connection with the change in location, elevation or alterations of any kind whatsoever to any part of the Company's existing sewerage system made necessary or required by 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 duly licensed contractors approved by the Company and paid for by the Customer. All such work and material when completed and installed shall be and remain the sole property of the Company.
9. Construction and Donation of Sewerage Facilities Due to Development. An applicant requesting service of a Development shall give the Company written notice of the extent and nature thereof together with the 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, which approval will be contingent upon the applicant's installation of the sewerage facilities within the Development and such other Offsite and Special Facilities as may be necessary or required by the Company. Upon installation of all such Facilities and the acceptance thereof by the Company, the applicant shall forthwith donate same to the Company at no cost to the Company. If the Company should require the installation of Offsite and/or Special Facilities in excess of the specific requirements of the applicant's Development, the Company will reimburse the applicant the incremental cost of such excess capacity upon the applicant's donation of such Facilities to the Company. The foregoing requirements are in addition to any Service Extension Charge and Contribution in Aid of Construction Charges the applicant may be required to pay because of the applicant's Development.

RULE VI
CONTRIBUTION IN AID OF CONSTRUCTION

1. As a condition of receiving service or substantially increasing sewage outflow volume from new or substantially modified premises, developers or commercial applicants shall be required to pay a non-refundable contribution in aid of construction to the Company.
2. Contribution in aid of construction payments are used by the Company to install or pay for existing, new, or expanded collection, treatment plant and/or disposal facilities required to serve such applicants or Customers.
3. The contribution in aid of construction required as a condition of service to a new premises shall be payable only once for the premises, provided that an additional contribution in aid of construction may be required from developers or commercial applicants for premises that are substantially modified. Substantially modified shall mean a change in the character, use, size, or activity of the premises which increases wastewater flow by twenty percent or greater of the originally estimated flow.
4. The contribution in aid of construction shall be calculated on the basis of the Company's estimate of (a) the cost (including engineering, overhead and any other direct or indirect costs) of installing the existing, new, or expanded wastewater treatment facilities, and (b) the new or increased wastewater flow from the Customer's premises.
 - (a) If the Company has no excess capacity available at the time a request for service or substantial modification is made, the contribution in aid of construction payment shall be based on the Company's good faith estimate, based on engineering and construction analyses, of the anticipated total cost to construct the next capacity addition which will most reasonably satisfy the projected capacity requirements for up to ten (10) years in the future and is calculated as follows:

Applicant's Estimated
Daily Gallons for Proposed
or Existing Development
Total Daily Gallons
Constructed in Capacity
Addition

X

Actual Cost to
Construct Additional
Capacity

RULE VI CONT'D
 CONTRIBUTION IN AID OF CONSTRUCTION

As an example, if the Company adds 20,000 gallons in daily capacity to the Facility at a cost of \$180,000 and applicant requires 10,000 gallons in daily capacity, applicant will pay the Company a contribution in aid of construction payment of \$90,000.

(b) If the Company has excess capacity available at the time the request for service is made, the applicant shall pay a contribution in aid of construction payment as follows:

Estimated Annual Gallons

For Proposed or Existing

Development

X

Cost/1000 Gallons per
 Company's Latest
 Addition

X

CPI in year of
 contribution payment /
 CPI for base year (last
 capacity addition)

"CPI" shall mean the "Consumers' Price Index for all urban consumers, Honolulu, Hawaii, ALL ITEMS", as published by the Bureau of Labor Statistics, United States Department of Labor.

5. The contribution in aid of construction shall be payable (a) on issuance of a "will serve" letter by the Company to the particular applicant for service, or (b) in the situation of substantially modified facilities, upon receipt of a building permit by the applicant to modify its premises.
6. Service shall be denied to or disconnected from applicants who fail to make the contribution in aid of construction payment as described in these rules.
7. In addition to the contribution in aid of construction payments, applicants shall pay to the Company any and all applicable 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 payments and/or the donation of Offsite and/or Special Facilities pursuant to Rule V, paragraph 9 above.

RULE VII
PAYMENT OF BILLS

1. Bills. The Customer will be billed each month the monthly charge for sewer service in advance of sewer service, and all bills shall be due and payable within thirty (30) days after deposit in the United States mail or presentation to the Customer. The Customer will have the option to pay for one or more months of sewer service for each calendar year upon notification to the Company. For customers of effluent service, meters will be read and bills rendered monthly. Special readings will be made, when necessary, for closing accounts and for other reasons. Payment shall be made at the office of the Company or, at the Company's option, to duly authorized collectors of the Company.
2. Late Payment and Other Charges. 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 \$20.00 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.
3. Discontinuance by the Company. If any bill is not paid within thirty (30) days after deposit in the United States mail or presentation to the Customer, the Company may disconnect service after the Company has given the Customer written notice that the Customer has five (5) business days' within which to settle the Customer's account or have service disconnected, and the Customer fails to pay within such five (5) business day deadline.
4. Water Consumption Metering. When the monthly sewer quantity charge is based on metered domestic water consumption, the water meter reading may be performed by the Company, and Sections 5, 6, and 7 of this Rule VII shall apply. Special readings will be made, when necessary, for closing accounts or for other reasons.
5. 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.
6. 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.

RULE VII CONT'D
PAYMENT OF BILLS

7. 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 Kauai Department of Water. If such a test is permitted by the Department of Water, the Customer may witness the test, with the Kauai Department of Water's permission, if the Customer so desires. Any charges levied by the Kauai Department of Water for meter tests will be paid by the Customer.
- (a) 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.
- (b) 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. Separate Metering or Submetering for Determining Sewage Generation. For any 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 separate meter or 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.
- (a) In applying to the Company for the installation of a separate meter or 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.

RULE VII CONT'D
PAYMENT OF BILLS

(b) The Customer shall provide to the Company, at the Customer's cost and expense, a proposed plumbing plan revision which includes a separate meter or 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.

(c) After the installation of the separate meter or submeter, the Company may periodically perform water meter readings on the Customer's submeter and master meter.

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

(e) 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 the Customer's sole cost and expense, recalibrate the submeter to correct the discrepancy.

(f) 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.

9. Reading of Submeter Billings. The Company shall render its billings to the Customer based on the actual readings derived from the separate meter or submeters, as applicable. 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.

RULE VII CONT'D
PAYMENT OF BILLS

(a) 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.

10. Disputes. Any dispute regarding the charges appearing on the bill must be received by the Company in writing no later than twenty (20) days following the Company's deposit of the bill in the United States mail or presentation to the Customer. The Company shall furnish a written response within twenty (20) days of its receipt of the written dispute. 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 may be submitted to the PUC for resolution. Service shall not be discontinued for nonpayment of any disputed portion of a bill, but the Customer is still responsible for paying undisputed balances in accordance with these Rules and Regulations.

RULE VIII
UNACCEPTABLE WASTES

1. No person shall discharge or cause to be discharged any storm water, surface water, ground water, roof run-off, subsurface drainage, swimming pool water, uncontaminated cooling water, or unpolluted process waters to any sanitary sewer.
2. No person shall discharge or cause to be discharged any of the following described waters or wastes to any sewers of the Company:
 - (a) Any gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid, or gas.
 - (b) Any waters or wastes containing toxic or poisonous solids, liquids, or gases in sufficient quantity, either singly or by interaction with other wastes, to 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, cyanides in excess of two (2) mg/1 as CN in the wastes as discharged to the sewer of the Company.
 - (c) Any waters or wastes having a pH lower than 5.5 or having any other corrosive property capable of causing damage or hazard to structures, equipment, and personnel of the sewage works.
 - (d) 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 sewerage works such as, but not limited to, ashes, cinders, sand, mulch, straw, shavings, metals, glass, rags, feathers, tar, plastics, wood, underground garbage, whole blood, paunch manure, hair and fleshing, entrails and paper dishes, cups, milk containers, etc., either whole or ground by garbage grinders.
 - (e) Any other substance, of whatever nature or form, disposal of which is prohibited by applicable federal, state, county or agency environmental or other law, rule or regulation.

RULE VIII CONT'D
UNACCEPTABLE WASTES

3. No person shall discharge or cause to be discharged the following described substances, materials, waters, or wastes if it appears likely in the opinion of the Company that such wastes can harm either the sewers, sewage treatment process or equipment, have an adverse effect on the receiving stream, or can 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. The substances prohibited are:
- (a) Any liquid or vapor having a temperature higher than one hundred fifty degrees (150°) F.
 - (b) Any waters or waste containing fats, wax, grease, or oils, whether emulsified or not, in excess of one hundred (100) mg/1 or containing substances which may solidify or become viscous at temperatures between thirty-two (32°) and one hundred fifty degrees (150°) F.
 - (c) Any garbage that has not been properly shredded. The installation and operation of any garbage grinder equipped with a motor of three-fourths (3/4) horsepower or greater shall be subject to the review and approval of the Company.
 - (d) Any waters or wastes containing strong iron pickling wastes, or concentrated plating solutions, whether neutralized or not.
 - (e) 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.

RULE VIII CONT'D
UNACCEPTABLE WASTES

- (f) 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 the state, federal, or other public agencies of jurisdiction for such discharge to the receiving waters.
- (g) Any radioactive wastes or isotopes of such half-life or concentration as may exceed limits established by the Company in compliance with applicable state or federal regulations.
- (h) Any waters or wastes having a pH in excess of 9.5.
- (i) Materials which exert or cause:
 - (1) 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).
 - (2) Excessive discoloration (such as, but not limited to, dye wastes and vegetable tanning solutions).
 - (3) Unusual BOD, biochemical oxygen demand, or chlorine requirements in such quantities as to constitute a significant load on the sewage treatment works.
 - (4) Unusual volume of flow or concentration of wastes constituting "slug" as defined herein.
- (j) 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 other agencies having jurisdiction over discharge to the receiving waters.

RULE VIII CONT'D
UNACCEPTABLE WASTES

4. If any waters or wastes are discharged or are proposed to be discharged to the Company's sewers, which waters contain the substances or possess the characteristics enumerated in paragraph 4 of this rule, and which in the judgment of the Company may have a deleterious effect upon the sewage works of the Company, processes, equipment, or receiving waters, or which otherwise create a hazard to life or constitute a public nuisance, the Company may:
 - (a) Reject the wastes,
 - (b) Require pretreatment to an acceptable condition for discharge to the sewers of the Company,
 - (c) Require control over the quantities and rates of discharge to the sewers of the Company,
 - (d) Require payment to cover the added cost of handling and treating the wastes not covered by existing sewer charges under the provisions of paragraph 9 of this rule.

If the Company permits the pretreatment or equalization of waste flows, the design and installation of the plants 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.

5. Grease, oil, and sand interceptors shall be provided 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 and inspection.
6. Where preliminary treatment, flow-equalization or interceptor 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.

RULE VIII CONT'D
UNACCEPTABLE WASTES

7. When required by the Company, the Customer having any property serviced by a building sewer carrying industrial or commercial 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 accessibly and safely located and shall be constructed in accordance with plans approved by the Company. The manhole shall be installed by the Customer at the Customer's expense and shall be maintained by him so as to be safe and accessible at all times.
8. 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 or at such sampling station or stations as the Company deems appropriate.

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 to the point at which the building sewer is connected. Sampling shall be carried out by customary accepted methods to reflect the effects of constituents upon the sewage works to determine the existence of hazards to life, limb, and property. (The particular analyses involved will determine whether a twenty-four (24) hour composite of all outfalls of a premise 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's are determined from periodic grab samples.)

9. No statement contained in this rule shall be construed as preventing any special agreement or arrangement between the Company and any industrial or commercial concern whereby an industrial or commercial waste of unusual strength or character may be accepted by the Company for treatment, subject to payment therefor, by such concern.

RULE IX
INTERRUPTION OF SERVICE

1. The Company will exercise reasonable diligence and care to provide adequate sewer service to the Customer and to avoid interruptions in service, but will not be liable for any interruption or insufficiency of service or any loss or damage occasioned thereby.
2. The Company reserves the right at any and all times to shut off service without notice for the purpose of making repairs, extensions, alterations, or for other reasons. 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 X
DISCONTINUANCE OF SERVICE

Sewer service may be discontinued for the reasons listed below:

1. Nonpayment of Bills. Sewer service may be discontinued for nonpayment of any undisputed portion of a bill within the period prescribed in these Rules and Regulations.
2. Noncompliance With the Company's Rules and Regulations. If the Customer fails to comply with any of these Rules and Regulations, or tampers with the service facilities of the Company, the Company reserves the right to discontinue the service within five (5) days after written notice of intent to do so.
3. Unauthorized Use. Sewer service may be discontinued without notice in the event of any unauthorized use of the Company's Sewage System or any use in violation of applicable laws, ordinances, rules or regulations of any public authority. In addition, the Company may discontinue service without notice to protect the Company against fraud, abuse, or disposal of unacceptable wastes.
4. Failure to Cooperate with the Company. Service may also be discontinued 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.

RULE X CONT'D
DISCONTINUANCE OF SERVICE

5. Restoration - Reconnection Charge. Before restoring service that has been discontinued for nonpayment of bills or for failure to otherwise comply with any of these Rules and Regulations, 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 \$500.00) 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.
6. Inadequate Service to Others. The Company may refuse to furnish service, and may discontinue the sewer service to any premises, where the demands or change in demands of the Customer will result in inadequate service to other Customers.
7. Company's Notice of Discontinuation. Unless otherwise stated, or unless termination with notice is necessary to protect against a condition determined by the Company to be hazardous or to prevent an abuse of service that adversely affects the Company's sewerage system or its service to other Customers, a Customer shall be given at least five (5) days written notice prior to termination of service, and the Customer's service shall not be discontinued on the day preceding or days on which the Company's business office is closed.

RULE X CONT'D
DISCONTINUANCE OF SERVICE

8. Vacating Premises; Customer's Notice of Discontinuance. Each Customer about to permanently vacate any premises supplied with sewer service by the Company shall give at least two (2) days' notice of the Customer's intention to vacate prior thereto, specifying the date service is desired to be discontinued; otherwise the Customer shall be held responsible for all sewer service furnished to such premises until the Company has received such notice of discontinuance. Before any buildings are demolished, the Customer is responsible for notifying the Company so the service connection can be closed. See definition of the term "notice of discontinuance".

RULE XI
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 XII
INGRESS TO AND EGRESS FROM
CUSTOMERS' PREMISES

Any officer, employee or agent of the Company shall have the right of ingress to and egress from the Customer's premises at all reasonable hours for any purpose reasonably connected with the furnishing of sewer service to said premises or the operation or the sewer system and the exercise of any and all rights secured to it by law or these Rules and Regulations

RULE XIII
COMPANY'S EQUIPMENT ON CUSTOMER'S PREMISES

All equipment belonging to the Company and installed upon the Customer's premises for measurement, test, check 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 XIV
CUSTOMER RESPONSIBILITY

The Customer shall, at the Customer's own risk and expense, furnish, install, and keep in good and safe condition all equipment that may be required for utilizing the sewer service supplied by the Company.

RULE XV
MISCELLANEOUS

1. Severability. If any Rule, section, sentence, clause, or phrase of these Rules and Regulations or its application to any person or circumstances 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 personal or circumstances of property will 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.
2. Governing Law. These Rules and Regulations are made under and shall be governed by the law of the State of Hawaii.
3. 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 Application. 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.
4. 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

RULE XVI
AUTOMATIC POWER COST ADJUSTMENT CLAUSE

In December of each year, the Company will calculate the actual rate per kWh for the prior twelve month period beginning on December 1 of the preceding year and ending on November 30 of the current year ("Measurement Year") by dividing the total electric expense by the total adjusted kWh for that period to determine the Measurement Year electric expense per kWh. The Company will then compare the rate per adjusted kWh for the Measurement Year with the base rate per adjusted kWh as determined in the last rate proceeding and use the difference to determine the APCAC, which will be added or subtracted from the Company's then effective rates and applied prospectively for the next twelve (12) months beginning January 1 and ending December 31 ("Implementation Year").

The difference in the electric cost per adjusted kWh will then be multiplied by the base year adjusted kWh,, and the result divided by the Measurement Year revenues to obtain an adjustment percentage which shall be applied to the then effective rates as follows:

1.	Measurement Year Electricity Cost	\$189,000*
2.	Measurement Year adjusted kWh Usage	700,000 kWh*
3.	Measurement Year Cost per adjusted (Line 1 / Line 2)	\$0.2700
4.	Base Year Cost per adjusted kWh	\$0.3126
5.	Increase (Decrease) in Cost per adjusted kWh (Line 3 — Line 4)	\$(0.0426)
6.	Base Year adjusted kWh	771,863
7.	Cost Increase (Decrease) (Line 5 * Line 6)	\$(5,321)
8.	Grossed-up for Revenue Taxes @1.068205 (Line 7 * 1.068205)	\$(5,684)
9.	Measurement Year Revenue	\$550,000*
10.	Percent Increase (Decrease) Required (Line 8 / Line 9)	(1.0335)%

*The annual APCAC computation will reflect the actual recorded amounts for the Measurement Year. The Percent Increase (Decrease) (i.e., line 10) will be applied to all of the approved rates as set forth in HOH's Sewer Rate Schedule beginning in January of the Implementation year. The resulting rates will be billed for each month of the Implementation Year until a new APCAC is computed. The Company will prepare and maintain an annual reconciliation of the APCAC revenue collected during the Implementation Year compared with the change in electricity expense to be recovered through the APCAC for the Measurement Year.

RULE XVII
EFFLUENT SERVICE

17.1 The effluent is a byproduct generated by the Sewage Treatment Plant. Due to fluctuations in the amount of wastewater (influent) that is processed at the Sewage Treatment Plant, or during periods that the effluent may temporarily not meet the requirements of the State of Hawaii Department of Health, thereby making the effluent unsuitable for irrigation and other uses, the quantity of effluent available to Customers is not guaranteed and is subject to reduction and/or temporary disruptions. Therefore, the Company shall have the right, in its discretion, to (a) suspend the delivery and sale of effluent; (b) decide which Customer will receive effluent service; and/or (c) allocate the quantity of effluent that will be provided to such Customer. The Company is under no obligation to provide effluent to any prospective customer or existing Customer. The Company shall have no liability and shall not be liable for any damages, including actual or consequential, resulting from the denial or the failure to provide effluent service to a prospective customer or existing Customer, nor shall it be responsible and shall be held harmless in the event the allocated quantity of effluent is not available for any reason including, but not limited to, reduced Sewage Treatment Plant production, increased demand, repairs to facilities, or inability to meet regulatory requirements.

17.2 Subject to the Customer complying with all Department of Health rules and regulations, the effluent may be used for landscape irrigation, agricultural irrigation (including golf courses), construction water, and industrial process water. It may not be utilized for swimming pools, beach showers, or consumption by dairy animals unless otherwise approved by the Department of Health.

17.3 All effluent pipelines shall be color coded (purple, pantone 512) and labeled or identified according to the provisions of the State of Hawaii Reuse Guidelines. Valve boxes and valves shall be designed in accordance with the provision of the State of Hawaii Reuse Guidelines and color coded (purple, pantone 512). All above-ground, exposed facilities shall be consistently color-coded (purple, pantone 512) and labeled in accordance with the provisions of the State of Hawaii Reuse Guidelines.

17.4 The Customer shall comply with all State of Hawaii Department of Health regulations and any County of Kauai regulations with respect to the proper use of effluent including, but not limited to, the maximum allowable time permitted for irrigation, prohibitions against cross-connections, windblown irrigation, ponding and runoff.

17.5 The Customer shall post signage informing the public that reclaimed water is being used in the areas being irrigated. The signs shall indicate both in writing and pictorially (in accordance with the State of Hawaii Reuse Guidelines) that the irrigation system uses reclaimed water and is unsafe to drink.

RULE XVII CONT'D
EFFLUENT SERVICE

17.6 The Customer shall defend, indemnify, and hold the Company harmless from and against any claims of damage, loss, or injury arising out of or in connection with the Customer's use of the effluent provided by the Company.

17.7 Notwithstanding the Company's right to temporarily or permanently discontinue the provision of effluent pursuant to Rule 17.1 of these Rules and Regulations, in cases where the Customer is in serious violation of the Department of Health rules and regulations or any County rule or ordinance, the Company may, in response to a request from the State or the County, immediately discontinue the provision of effluent on an emergency basis. Conditions or uses that create a basis for discontinuation due to emergency include, but are not limited to:

- a. Refusal to install a required backflow prevention device;
- b. Refusal to test a backflow prevention device;
- c. Refusal to repair or replace a faulty backflow prevention device;
- d. A customer's direct or indirect connection between the County's or a private potable water system and the Customer's irrigation system;
- e. A situation which presents an immediate health hazard to a potable and/or reclaimed water system, as determined by the County or the Department of Health;
- f. Operations that are contrary to the State Reuse Guidelines resulting in over spray into unapproved areas, excessive application rates or times, or improper ponding or runoff onto public rights-of-way or adjoining areas not approved for reclaimed water use;
- g. When the Customer's effluent irrigation system puts in jeopardy the public health, safety, or welfare.

17.8. Unless specifically agreed upon by the Company in writing, a Customer shall not resell any effluent received by such Customer from the Company.

17.9 All effluent supplied by the Company will be measured by means of suitable meters registering in gallons.

RULE XVII CONT'D
EFFLUENT SERVICE

17.10 If a meter cannot be read or fails to register due to any cause except the non-use of effluent, an estimated bill for a period of up to one (1) year may be rendered. Such estimated bill will be subject to equitable adjustment taking into account all reasonable factors before, during, and after the period of said bill.

17.11 If a customer fails to pay the effluent service charges as provided herein, the Company may engage the service of an attorney or other collection agent to collect such charges. The Customer shall pay all collection charges, including all fees and costs of the attorney, regardless of whether a lawsuit is filed.

RATE SCHEDULE

Customer Class	Charge
Single-Family Residential	\$45.34 per month
Multi-Family Residential	\$34.00 per month
Commercial Users	\$20.00 per month
Sewer Volumetric Rate per 1000 gal	\$5.70 ¹
Effluent Usage Rate per 1000 gal	\$0.90 ²
Hotel/Resort	\$28.57 per unit per month

¹ Sewer volumetric rate is based on a per 1000 gal. of water utilized (excluding metered water used solely for irrigation purposes.

² The usage rate for effluent shall not apply for effluent utilized on the Kiahuna Golf Course.

SERVICE AREA

