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

KUKUI'ULA WASTEWATER DISTRICT

Post Office Box 384809
Waikoloa, Hawaii 96738

CHECK LIST SHEET

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FOREWORD

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 customers and to encourage courtesy to the public by all its employees. 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 to multi-family, single family, commercial and public authority customers of a size that makes 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 as shown on Exhibit A, and is defined in the certificate of public convenience and necessity issued by the Hawaii Public Utilities Commission.

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 discontinued material, including listing, rate, rule or condition.

(I) To signify increase.

(L) To signify material relocated from or to another part of tariff schedules with no change in text, rate, rule or condition.

(N) To signify new material including listing, rate, rule or condition.

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 used herein are defined as follows:

1. "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/1).

2. "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.

3. "CN" shall mean cyanogen.

4. "Company" shall mean the HAWAII WATER SERVICE COMPANY, INC., a Hawaii corporation.

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 sewer system" shall mean the system owned and operated by the Company.

7. "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.

8. "Customer" shall mean the person or persons, firm, corporation, or association, whether owner or tenant, whose name(s) appears on the records of the Company as the party responsible and liable for payment of charges to the Company.

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.

10. "Garbage" shall mean solid wastes resulting from preparing, cooking and dispensing food, and from handling, storing, and selling produce.

11. "Garbage properly shredded" shall mean garbage that has been shredded to such a degree that all particles can be carried freely under normal flow conditions in the Company's sewer system.

12. "Notice to stop" shall mean oral or written notice to the Company by a customer that he wishes to discontinue service. Oral notice will be received only during business hours, Monday through Friday no including holidays. Written notice is effective the date correspondence is stamped as received by the Company.

13. "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.

14. "pH" shall mean the logarithm or the reciprocal of the weight of hydrogen ions in grams per liter (mg/1) of solution.

15. "Service connection" shall mean the point and installation where the Company's sewer is connected to the building sewer.

16. "Service Extension Charge" shall mean the fee which the Customer may be required to pay in connection with the Development of his property.

17. "Sewage treatment plant" shall mean all the facilities including the sewage pumping stations, force mains and treatment facilities owned and operated by the Company.

18. "Slug" shall mean 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.

19. "Special Facilities" shall mean those sewerage facilities including, without limitation, pumping stations 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.

20. "U.S.C.G.S." shall mean United States Coast and Geodetic Service.

RULE II
GENERAL CONDITIONS

1. Any prospective customer whose single family, multi-family, public authority, or commercial premises are within the areas covered by the Company's certificate of public convenience and necessity for sewer service issued by the Hawaii Public Utilities Commission may obtain sewer service from the Company, provided that the Company has sufficient sewage treatment plant capacity to take on new or additional service without detriment to those already served or promised service.

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.

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

4. Where an extension of mains is necessary refer to Rule XII.

5. Application for sewer service and service connection shall be made in accordance with Rule V of these Rules and Regulations.

6. Billing, payment of bills, and late payment charges for sewer service shall be in accordance with Rule VI of these Rules and Regulations.

RULE III
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. Nor will it be liable for termination of services for reasons deemed necessary and proper, as provided herein.

2. Except in the case of emergency repairs, the Company shall use best efforts to give the customer at least 24 hours' notice before shutting off service.

RULE IV
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 public sewer or any private sewer connected to the Company's sewerage system.

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.

( ) Any waters or wastes have 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.

(c) 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.

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, limb, 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) Water added for the purpose of diluting wastes which would otherwise exceed applicable maximum concentration limitations;

(d) Unreasonably large amounts of dissolved solids;

(e) Water or wastes containing in excess of:

0.5 mg/1 Arsenic
0.69 mg/1 Cadmium
2.77 mg/1 Total chromium
3.38 mg/1 Copper
1.9 mg/1 Total cyanide
0.6 mg/1 Lead
0.5 mg/1 Mercury
3.98 mg/1 Nickel
2.0 mg/1 Selenium
0.43 mg/1 Silver
2.61 mg/1 Zinc
2.0 mg/1 Phenolic compounds

(f) Water or wastes with concentrations exceeding National Categorical Pretreatment Standards promulgated by the U.S. Environmental Protection Agency in accordance with Sections 307(b) and (c) of the Federal Water Pollution Control Act, as amended. The National Categorical Pretreatment Standards in 40 CFR Chapter I, Subchapter N, Parts 405-471, are hereby incorporated into this section. These standards, unless specifically noted otherwise, shall be in addition to all applicable pretreatment standards and requirements set forth in this chapter and, if more stringent than limitations imposed under this section, shall immediately supersede the limitations imposed under this section.

(g) Any substance which may cause the Company's sewage treatment plant's effluent or any other products thereof, such as residues, sludges, or scums to be unsuitable for reclamation and reuse or to interfere with the reclamation process. In no case shall a substance discharged to the Company's treatment plant cause it to be in noncompliance with sludge use or disposal criteria, guidelines or regulations developed under Section 405 of the Federal Water Pollution Control Act (P.L. 92-500), as amended; any criteria, guidelines, or regulations affecting sludge use or disposal developed pursuant to the Solid Waste Disposal Act, the Clean Air Act, the Toxic Substances Control Act; or State criteria applicable to the sludge management method being used;

(h) Any garbage that has not been properly shredded. The installation and operation by a commercial customer of any garbage grinder equipped with a motor of greater than one (1) horsepower shall be subject to the review and approval of the Company.

(i) Any waters or wastes containing strong iron pickling wastes, or concentrated plating solutions, whether neutralized or not.

(j) 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.

(k) 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.

(l) 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.

(m) Any waters or wastes having a pH in excess of 9.5.

(n) 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 average sewage treatment works.

(4) Unusual volume of flow or concentration of wastes constituting "slug" as defined herein.

(o) 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.

(p) Any substance which will cause the sewage treatment plant to violate its National Pollutant Discharge Elimination System Permit or State Water Quality Standards;

(q) Petroleum oil, nonbiodegradable cutting oil, or products of mineral oil origin in amounts that will cause interference or pass through;

(r) Pollutants which result in the presence of toxic gases, vapors, or fumes in a quantity that may cause acute worker health and safety problems; and

(s) Any trucked or hauled pollutants.

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 paragraphs 1, 2, & 3 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 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.

5.Grease, oil, and sand interceptors shall be provided at the sole expense of the Customer 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 his expense.

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 owner at his 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 end 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 no always, BDID 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 V
APPLICATION FOR SEWER SERVICE AND SERVICE CONNECTION

1. Each prospective customer will be required to sign a standard application form (see Exhibit B) for the sewer service desired, assuming responsibility for the payment of future charges for sewer service at the designated location, before any use whatsoever. The customer signing the application form shall be held liable for the payment of all charges for sewer service at the designated location. Owner of residences where tenants or lessees request sewer service will be required to also sign the standard application form and will be responsible for payment of sewer bills in the event tenant/lessee defaults.

2. Service will be granted, without advance deposit required, to property owners or to those having leases with at least a one year term. Service may be provided to tenants of shorter duration if a deposit is made equal to three months' estimated billing. The deposit shall be subject to the provisions set forth in Section 4 of this rule.

3. Charges will begin when the sewer service is established and will continue until notice to stop is received from the customer or until discontinuation by the Company for failure of the customer to comply with the Rules and Regulations. See definition of the term "notice to stop" in Rule I.

4. When an application for sewer service is made by a customer who was responsible for and failed to pay bills previously rendered, the Company may refuse to furnish sewer service to such applicant until the outstanding bills are paid. Further, in this case the Company may charge a deposit equal to three months' estimated billing. Such deposit shall be held for the benefit of the customer with interest. Interest will accrue at the prevailing interest rate for Regular Savings Accounts at First Hawaiian Bank. Deposit with interest shall be refunded within 30 days after final bill is paid for two years of timely payment, whichever comes first.

5. A connection deposit of not less than $200.00 and at least equal to the Company's estimate of the cost of the service connection shall be required of the applicant before the connection is installed. If the actual cost of the connection is in excess of the deposit, the applicant will be billed and shall pay for the difference. If the actual cost is less than the deposit, the applicant will be refunded the difference.

6. Except as provided for in paragraph 7, when the application for service connection has been approved, such

connection will be installed and thereafter maintained by the Company at the Company's expense.

7. The Customer shall install his building sewer at his 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 back filling the trench, shall conform to the requirements of the building and plumbing code or other applicable rules and regulations of the County of Kauai ad 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.

8. 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 or houses or buildings and/or the area of land to be serviced by any one or more service connections.

9. 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.

10. Only employees of the Company will be allowed to connect, disconnect, or provide maintenance to the service connection to the Company's sewer system.

11. 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 change not less than 10 days before the change is made.

12. 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 the size of the service connection or a change in the location thereof, he shall bear all costs of such change.

13. All work and materials in connection with the change in location or elevation of any part of the existing sewer system made necessary by the new service connection shall be at the expense of the applicant.

14. When required by the Company, contours or elevations shall be furnished by the applicant, based upon U.S.C.G.S. or County of Kauai data.

15. The Company will determine the location and 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, until such private streets are open to the public and brought to proper grade and 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 his collection pipe to the nearest public street on which a sewer main exists.

16. A readily accessible sewer clean-out will be installed by the Customer on his 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.

17. An applicant requesting service for 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 his Development.

RULE VI
METER READING AND RENDERING OF BILLS

1. When the monthly sewer quantity charge is based on metered domestic water consumption, the meter readings will be performed by Kukui'Ula. Special readings will be made, when necessary, for closing accounts or for other reasons.

2. Bills are rendered 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 other presentation to the customer. Payment shall be made at the office of the Company or,, at the Company's option, to duly authorized collectors of the Company. All unpaid customer balances over 30 days old are subject to interest of one percent per month until paid plus a one time late charge equal to five percent (5%) of the unpaid amount as partial compensation for the administrative costs in initiating action to collect the unpaid amounts. 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 VII.3, and a re-connection charge of $25.00 will be required in addition to payment of the amount due and payable in order to re-establish sewer service. Also, the Company shall require the customer to put up a deposit subject to Rule V.4.

3. The customer shall submit any dispute regarding the charges appearing on the bill to the Company in writing, at P.O. Box 384809, Waikoloa, HI, 96738, no later than thirty (30) 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 fifteen (15) days of its receipt of the written dispute. The customer may pay the disputed bill under protest within the time required by this rule to avoid discontinuation of service, in which event the dispute may be submitted to the Hawaii Public Utilities Commission for final determination.

4. Readings of separate meters are not combined. For the purpose of computing charges, all meters serving the customer's premises shall be considered separately, and the readings thereof shall not be combined except in cases where the Department of Water, County of Kauai (the DOW), because of operating necessity, installs two or more meters in parallel to serve the same customer's supply pipe.

5. Multi-family projects will be sent one bill per service connection and single-family residences belonging to a homeowners' association may be billed as part of a single master bill sent to the homeowner's association.

6. 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 period of said bill.

7. Any customer who, for any reason, doubts the accuracy of the meter serving his premises may request a test of the meter from the DOW. If such a test is permitted by the DOW, the customer may witness the test, with the DOW's permission, if the customer so desires. Any charges levied by the DOW 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 (-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, 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.

RULE VII
DISCONTINUANCE OF SERVICE

1. Each customer about to vacate any premises supplied with sewer service by the Company shall give two days' notice of his 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 Company should be notified so the service connection can be closed. See definition of the term "notice"'in Rule I.

2. Closing bills will ordinarily be determined by measuring the amount of water used since the last bill, as indicated by meter reading, and adding a pro-rated service charge. In pro-rating service charges, a billing month will be considered as thirty (30) days. If a meter cannot be read, an estimated billing will be rendered.

3. Sewer service may be discontinued for non-payment of a bill within sixty (60) days after the mailing or presentation thereof to the customer.

4. If the customer fails to comply with any of these Rules and Regulations, or tampers with the service facilities of the Company, the Company will have the right to discontinue the service.

5. The Company may refuse to grant service or may discontinue existing sewer service to any premises to protect itself against fraud, abuse, or disposal of unacceptable wastes.

6. The Company may refuse to furnish service, and may discontinue the sewer service to any premises, where the demands of the customer will result in inadequate service to others.

7. Unless otherwise stated or unless termination without 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 sewer 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 VIII
NO TAMPERING/LIABILITY FOR REPAIR COSTS

1. No person shall enter, obstruct, uncover or tamper with any portion of the Company's sewer, or connect to it, or dispose anything into any sewer and/or sewer manhole without the written permission of the Company.

2. No person or party shall remove or demolish any building or structure with plumbing fixtures connected directly or indirectly to the Company's sewer without first notifying the Company of such intention. All openings, in or leading to the Company's sewer line or lines caused by such work, shall be sealed watertight and inspected by the Company before being backfilled.

3. No person shall fill or backfill over, or cause to cover, or obstruct access to, any sewer manhole.

4. No person shall erect any improvements, structures or buildings over the Company's sewers without the written permission of the Company.

5. The customer shall be liable for any damage to equipment or property of the Company caused by the customer or his tenants, agents, employees, contractors, licensees, or permittees, on the customer's premises, 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 IX
INGRESS TO AND EGRESS FROM CUSTOMER'S PREMISES

Any officer or employee of the Company 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 owner or occupant of said premises of its intention to do so.

RULE X
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, sentences, 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 XI
CONTRIBUTION IN AID OF CONSTRUCTION FEE
(FACILITIES CHARGE)

1. As a condition of receiving service or substantially increasing sewage outflow volume from new or substantially modified facilities, developers and commercial applicants shall be required to pay a non-refundable contribution in aid of construction (CIAC) to the Company. CIAC will not be required the first time that a premise, facility or lot is connected to the Company's system, but only thereafter and in accord with the provisions below as a subsequent premise, facility or lot is created or the existing premise, facility or lot is altered.

2.CIAC payments are used by the Company to install or pay for new or expanded sewage treatment plant facilities required to serve such applicants or customers, including:

(a) Construction of new primary collection main extensions;

(b) Construction of new percolation ponds and injections wells;

(c) Construction of new primary, secondary and tertiary treatment systems or improvements to increase the capacity or efficiency of the existing primary, secondary and tertiary treatment collection systems;

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

(e) Related improvements intended to increase the capacity, efficiency or quality of the primary sewer collection system.

3. "New facilities" as referred to in Section 1 of this Rule shall mean a premise, facility or subdivided lot that post-dates the provision of sewer service to a related premise, facility or lot on the same property, but which has not previously been connected to the Company's system.

4. "Substantially modified facilities" as referred to in Section 1 of this Rule shall mean 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, that results in an estimated increase in sewage outflow contribution by the premises in excess of twenty (20) per cent.

5. The CIAC required as a condition of service to a new facility shall be payable only once for such facility. CIAC may also be required from developers or commercial customers for facilities that are substantially modified.

6. The amount of the CIAC shall be $15.00 per gallon of new or additional estimated average daily sewage discharge from the premises.

7. The CIAC 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, or (b) the increase in outflow from the customer's premises in the case of substantially modified facilities.

8. 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 - 260gpd
Multi-family - 260gpd

(b) Resort - 184 gpd

(c) Other uses by estimates of sewage flow.

(d) Estimate of sewage flows are to be made by the Company and, if by the customer, they will require adequate justification for Company approval.

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

9. The CIAC for new or substantially modified facilities shall be estimated at the time that an Applicant makes a request of the Company for a "will serve" letter. A subsequently issued "will serve" letter will guarantee only the Company's ability and willingness to supply the Applicant with the requested service. The total CIAC fee to be paid will be dependent on the rate provided for in the Company's Rules and Regulations in effect at the time that final payment is tendered. Fifty (50) percent of the estimated total CIAC shall be payable within 90 days of issuance of a "will serve" letter by the Company to the Applicant for service, and the remainder of the total CIAC as calculated at the then-cutrent rate provided for in the Company's Rules and Regulations shall be payable upon issuance of building permit-or, if a single family residential subdivision, upon issuance of final subdivision approval whichever comes first. If the initial 50 percent of the estimated CIAC total 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 effective until full payment is received.

10. The CIAC for substantially modified facilities shall be payable (a) within thirty (30) days after the customer receives a building permit or final subdivision approval, 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.

11. In lieu of providing the CIAC required by this Rule, developer and commercial applicants, at the Company's sole option, may be permitted to construct and install, or to arrange for the installation of, the new sewage treatment plant facilities required to serve such applicants. 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 applicants. The applicants 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 shall be required to pay to the Company all Hawaii and federal income tax 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 XII
SYSTEM EXTENSIONS

1. Extensions of sewer mains from the Company 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 sewer main shall be executed by the Company and the applicant before the Company begins construction work on such a main. Or, if the applicant constructs an extension of a sewer main, the contract shall be executed before the facilities comprising the extension are transferred to the Company.

2. 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 of 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 6(g) and 6(h) of this rule.

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

(a) Any facilities installed hereunder shall be the sole property of the Company.

(b) 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 acceptable to it.

(c) 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.

(d) The Company may, but will not be required to, make 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 applicants for the sewer main extension 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.

4. Estimates, plans and specifications shall be required of the applicant as follows:

(a) As part of applying for a sewer main extension, the applicant's engineer shall prepare a preliminary sketch and rough estimates of the cost of installation to be contributed by said applicant.

(b) 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 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.

(c) The applicant 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, and these changes require additional expense in revising plans, specifications and cost estimates, the applicant's engineer shall make those changes at no expense to the company

5. Timing and adjustment of the customer or applicant's contributions shall be in accordance with the following provisions:

(a) Unless the applicant for the sewer main extension elects to arrange for the installation of the extension himself, as permitted by Section 6(e), the full amount of the required customer contribution will be required by the Company when the sewer main extension contract

is executed. An acceptable surety bond may, at the sole discretion of the Company, also be acceptable.

(b) If the applicant for a sewer main extension 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.

(c) An applicant for a sewer main extension 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, overheads, and total costs, unit costs or contract costs, whichever are appropriate.

(d) The statement shall be submitted within a reasonable time after the actual construction costs of the installation are ascertained by the Company.

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

6. Customer contributions and refunds shall be treated in the following manner:

(a) Unless the procedure outlined in Section 6(e) is followed, an applicant for a 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 sewer main extension without additional extension. The cost of the sewer extension shall include necessary connections, pipes, fittings, valves, valve boxes, booster stations, pressure regulating stations, other sewer system collection appurtenances, and Hawaii and Federal incomes taxes applicable to the contribution calculated by the full gross up method.

(b) If special facilities consisting of items not covered by Section 6(a) are required for the service requested, the cost of the special facilities shall be included in the customer contribution.

(c) In addition to the non-refundable contribution required by Sections 6(a) and 6(b), an applicant for a sewer main extension shall be required to advance to the Company the oversizing cost estimated by the Company for the sewer main extension deemed to be appropriate by the Company. (This additional contribution shall be refundable in accordance with Sections 6(g) and 6(h) of this rule.)

(d) A "pioneer," for the purposes of this rule, shall be a developer/customer who makes a contribution to pay the cost of oversizing a sewer main extension.

(e) In lieu of providing the customer contribution in accordance with Sections 6(a), 6(b) and 6(c), the applicant for a sewer main extension shall be permitted, if deemed to be qualified in the sole judgment of the Company, to construct and install the facilities, or to arrange for their installation. If main extension facilities are arranged for by the applicant and constructed by others, the 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. The applicant shall provide the Company with a statement of actual construction cost in reasonable detail. The installation shall be in accordance with the plans and specifications submitted by the customer to the Company pursuant to Section 4(b). 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 3(a) of this rule. At the time of dedication, the customer/developer will pay Hawaii and Federal income taxes calculated by the full gross up method based on the value of the system being dedicated as determined in this Rule XII to the Company.

(f) If a subsequent applicant connects to a sewer main extension which was paid for by one or more pioneers, that subsequent applicant shall be required to pay a non-refundable extension refund charge equal to its proportionate share of the oversizing cost of such 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 6(g) and 6(h).

(g) A refund of all or part of the refundable customer contribution made by a pioneer shall be made if subsequent applicants are provided service from the sewer main extension and pay an extension refund charge based on their proportionate share of the oversizing cost of the 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.

(h) 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 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.

7. Any contract entered into under this rule may be assigned, after settlement of actual construction costs, after written notice to the Company by the holder of said contract as shown by the Company's records. 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.

8. 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 XIII
COMPANY'S EXQUIPMENT 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 XV
CUSTOMER RESPONSIBILITY

The Customer shall, at his 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.

SEWER RATE SCHEDULES

GENERAL USE RATES

MONTHLY STAND-BY CHARGES:

Residential - Includes Single-Family, Multi-Family, and Condominium

$40.00 per month per living unit

Commercial - Includes Hotels, Shopping Centers, Laundries, and Other Non-Residential Enterprises

$60.00 per month per Equivalent Residential units[1]

County of Kauai Paanau Development[2]

Greater of (a) $2,000.00 per month ("minimum monthly charge") and (b) the product of (i) $3.52 ("base fee"), and (ii) the number of thousand gallons of domestic water delivered to the Paanau Development per month.

MONTHLY SEWER QUANTITY CHARGE FOR COMMERCIAL CUSTOMERS:

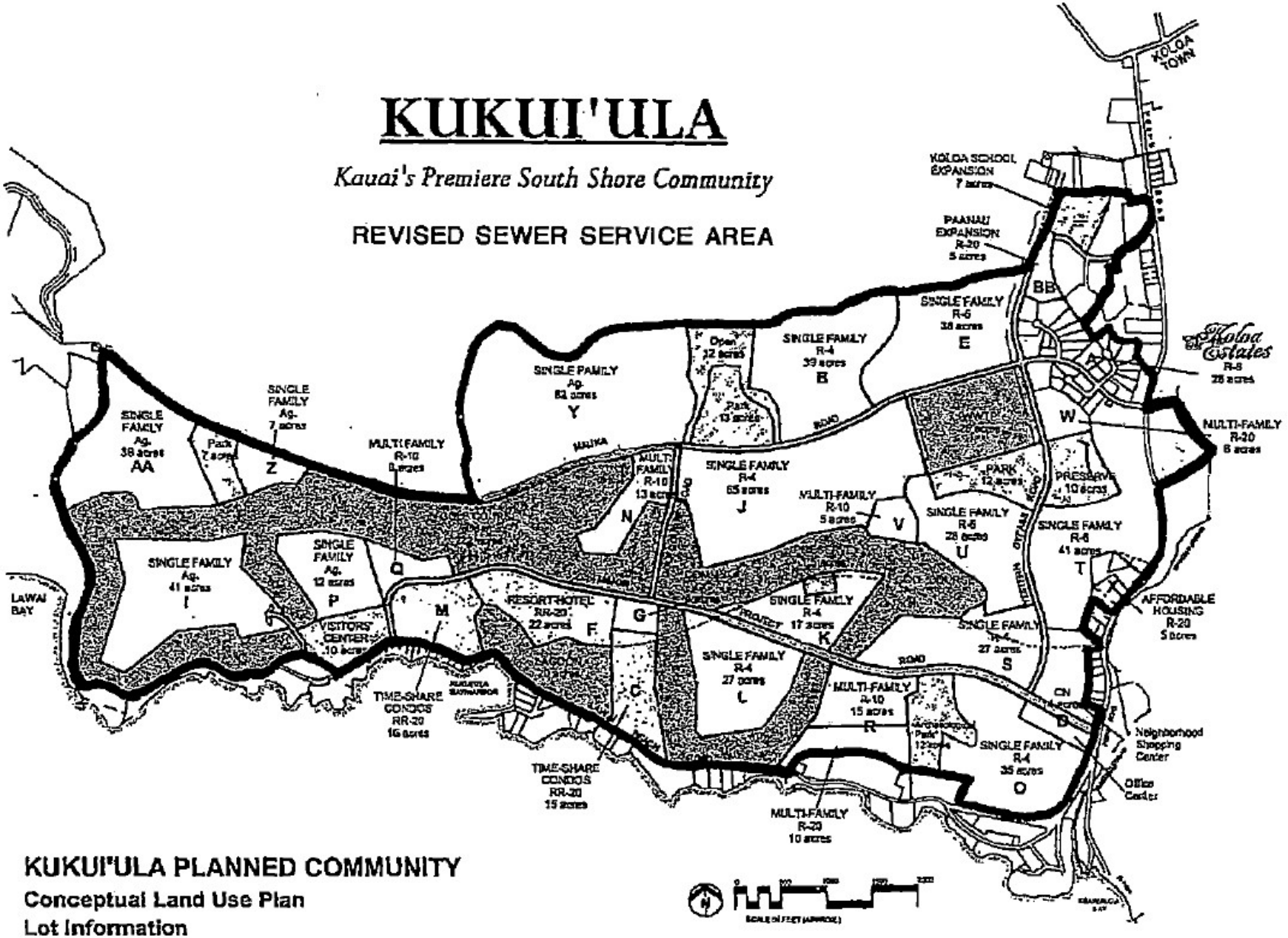
In addition to the Monthly Stand-By Charge, there shall be a monthly sewer quantity charge (sewer fee) of $4.00 per 1,000 gallons of metered water provided per month to the customer by the Department of Water, County of Kauai.

0. Equivalent Residential (ER) units are dependent on a customer's water meter size.

Water Meter Size	ER Units
5/8 inch	1
3/4 inch	1
1 inch	2
1 1/2 inch	3
2 inch	5
4 or larger	17

2 Pursuant to the Sewage Treatment Agreement ("Agreement") made as of September 30, 1993, as amended, between Company and the County of Kauai, the minimum monthly charge and base fee are subject to adjustment in accordance with the terms of the Agreement.

EXHIBIT A


KUKUI'ULA
Kauai's Premiere South Shore Community
REVISED SEWER SERVICE AREA
KOLOA TOWN
KOLOA SCHOOL EXPANSION 7 acres
PAANAU EXPANSION R-20 5 acres
SINGLE FAMILY R-6 38 acres E
SINGLE FAMILY R-4 39 acres B
Open 12 acres
Park 13 acres
SINGLE FAMILY Ag. 82 acres Y
SINGLE FAMILY Ag. 38 acres AA
Park 7 acres
SINGLE FAMILY Ag. 7 acres Z
MULTI-FAMILY R-10 8 acres
MULTI-FAMILY R-10 13 acres N
SINGLE FAMILY R-4 65 acres J
MULTI-FAMILY R-10 5 acres V
SINGLE FAMILY R-6 28 acres U
PARK 12 acres
PRESERVE 10 acres
SINGLE FAMILY R-6 41 acres T
Kiahuna Estates R-6 28 acres
MULTI-FAMILY R-20 6 acres W
SINGLE FAMILY Ag. 41 acres I
SINGLE FAMILY Ag. 12 acres P
Q
M
VISITORS' CENTER 10 acres
RESORT-HOTEL RR-20 22 acres F
G
SINGLE FAMILY R-4 17 acres K
SINGLE FAMILY R-4 27 acres S
AFFORDABLE HOUSING R-20 5 acres
LAWAI BAY
TIME-SHARE CONDOS RR-20 16 acres
C
SINGLE FAMILY R-4 27 acres L
MULTI-FAMILY R-10 15 acres R
CN 4 acres D
Neighborhood Shopping Center
Office Center
SINGLE FAMILY R-4 35 acres O
TIME-SHARE CONDOS RR-20 15 acres
MULTI-FAMILY R-20 10 acres
KUKUI'ULA PLANNED COMMUNITY
Conceptual Land Use Plan
Lot Information
Koloa, Kauai, Hawaii
December 1,1999
Subject to change
Lot area in estimated acres