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

WEST HAWAII SEWER COMPANY

A subsidiary of Hawaii Water Service Company, Inc.

Post Office Box 384809
Waikoloa, Hawaii 96738

CHECK LIST SHEET

SHEET	REVISION
Title	SECOND
1	TENTH
2	SECOND
3	SECOND
3A	FIRST
4	SECOND
5	THIRD
6	SECOND
7	SECOND
8	THIRD
9	SECOND
10	SECOND
11	THIRD
12	THIRD
13	SECOND
14	SIXTH
14A	FIRST
15	SECOND
16	FOURTH
16A	FIRST
17	SECOND
18	THIRD
19	SECOND
20	SECOND
21	THIRD
22	FIFTH
22A	SECOND
22B	ORIGINAL
23	THIRD
24	THIRD
25	THIRD
26	THIRD
27	THIRD
28	THIRD
29	THIRD
30	NINTH
30A	ORIGINAL
31	SECOND
32	THIRD

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 multifamily, 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 in Waikoloa Village, island of Hawaii, as shown on Exhibit A, and is defined in the certificate of public convenience and necessity issued by the Hawaii Public Utilities Commission.

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. The word "Company" shall mean the WAIKOLOA SANITARY SEWER CO., INC., a Hawaii corporation dba WEST HAWAII SEWER COMPANY, a subsidiary of HAWAII WATER SERVICE COMPANY, INC., a Hawaii corporation.

2. The word "customer" shall mean the person or persons, firm, corporation, association, or governmental department, 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.

3. 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.

4. "Company's sewer system" means the system owned and operated by the Company.

5. The term "garbage" shall mean solid wastes resulting from preparing, cooking and dispensing food, and from handling, storing, and selling produce.

6. "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.

7. "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.

8. "Primary sewer collection system" means that portion of the Company's sewer collection system that collects sewage from several residential subdivisions and commercial areas.

9. "Secondary sewer collection system" means that portion of the Company's sewer collection system that collects sewage from within an individual residential subdivision and/or commercial area.

10. "Notice to stop" means 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 not including holidays. Written notice is effective the date correspondence is stamped as received by the Company.

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 secondary 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. The Company reserves the right at any and all times to shut off service without notice for the purpose of making repairs, extensions, alterations, related to the operation of the sewage system. Repairs or improvements will be prosecuted as rapidly as practicable and, insofar as practicable, at such times as will cause the least inconvenience to the customer. Except in the case of emergency repairs, the Company shall use best efforts to give the Consumer 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, uncontaminated cooling water, or unpolluted industrial process waters to any sanitary sewer.

2. Neither storm nor drainage water shall be discharged into the Company's sewer system. Industrial cooling water or unpolluted process waters may be discharged, on approval of the Company and appropriate regulatory agency(ies) with jurisdiction over such discharge, into the Company's sewer system.

3. 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 (2) mg/l 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 sewer 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 sewer works such as, but not limited to, ashes, cinders, sand, mulch, straw, shavings, metals, glass, rags, feathers, tar, plastics, wood, unground garbage, whole blood,

paunch manure, hair and fleshing entrails, and paper dishes, cups, milk containers, etc., either whole or ground by garbage grinders.

4. 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 those 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 (150) F.

(b) Any water or waste containing fats, wax, grease, or oils, whether emulsified or not, in excess of one hundred (100) mg/l or containing substances which may solidify or become viscous at temperatures between thirty-two (32) and one hundred fifty (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. A list of these limits shall be provided by the Company upon request.

(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 biochemical oxygen demand (BOD), chemical 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 "slugs" as defined herein.

(j) Water or wastes containing substances which are not amendable 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.

5. If any waters or wastes are discharged, or are proposed to be discharged to the Company's sewers, which contain the substances or possess the characteristics given in paragraph 4 of this rule, and which in the Company's judgment may have a deleterious effect on 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 pre-treatment 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 10 of this rule.

If the Company permits the pre-treatment 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.

6. 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; except that such interceptors shall not be required for private living quarters or dwelling units. 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.

7. Where preliminary treatment or flow-equalization facilities are provided for any waters or wastes, they shall

be maintained continuously in satisfactory and effective operation by the owner at his expense.

8. When required by the Company, the owner of any property serviced by a building sewer carrying industrial wastes shall install a suitable control manhole together with such necessary meters and other appurtenances in the building sewer to facilitate observation, sampling, and measurement of 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.

9. All measurements, tests, and analyses of the characteristics of waters and wastes to which reference is made in these Rules and Regulations shall be determined in accordance with the latest edition of "Standard Methods for the Examination of Water and Wastewater," published by the American Public Health Association, and shall be determined at the control manhole provided, or upon suitable samples taken at said control manhole.

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 and 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.)

10. No statement contained in this rule shall be construed as preventing any special agreement or arrangement between the Company and any industrial concern whereby an industrial waste of unusual strength or character may be accepted by the Company for treatment, subject to payment therefor, by the industrial 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 whatever. 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 or 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. When the application for service connection has been approved, such connection will be installed by the Company at the expense of the applicant and thereafter will be maintained by the Company at its expense.

7. 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.

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

9. 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.

10. 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.

11. 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.

12. When required by the Company, contours or elevations shall be furnished by the applicant, based upon National Geodetic Survey (N.G.S.) or County of Hawaii data.

13. 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.

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 West Hawaii Water Company. 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 in cash at the office of the Company, or by personal check, cashier's check or money order, in person or by U.S. Mail at the office of the Company or, at the Company's option, to duly authorized collectors of the Company. Payment may also be made by credit or debit card or by automatic payment service. In the case of payment by credit or debit card, any applicable transaction and processing fees charged by the credit / debit card company will be paid by the customer. If the charges payable hereunder by the customer are not paid within 30 days after presentation or deposit in the United States mail, there may be added as a late payment charge an amount equal to one percent (1%) per month of the unpaid balance. In addition, if any bill is not paid within thirty (30) 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. Any bill for which a bank check written in payment has been dishonored will be due and payable immediately upon written notice to the customer by the Company of the check's dishonorment. Within 5 days of issuance of written notice, the full amount of the bill must be paid in cash, money order or cashier's check to the Company's office, along with a $10.00 service charge. Should the customer fail to make payment on the dishonored check, the Company may discontinue service under Rule VII.3, with the thirty day period running from the date that the original bill was mailed or presented to the customer.

3. The customer shall submit any dispute regarding the charges appearing on the bill to the Company in writing no later than twenty (20) days following the due date for the bill. The Company shall furnish a written response regarding its investigation and determination as to the correctness of or any adjustments to the bill within 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 West Hawaii Water Company, because of operating necessity, installs two or more meters in parallel to serve the same customer's supply pipe.

5. For the purposes of billing, multi-family projects will be sent one bill per service connection regardless of the number of multi-family residences served by that service connection.

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. The customer, if he so requests, will be notified as to the time of the test and may witness the test if he so desires. No charge will be made for meter tests if the meter is inaccurate. The customer will be charged the actual costs connected with such test if the meter is accurate within range of plus or minus two per cent (2%) for small meters (5/8" and 3/4") and plus or minus five per cent (5%) for large meters (1" and larger).

8. If, as a result of the test, the meter is found to register more than two per cent (2%) fast for small meters or five per cent (5%) fast for large meters 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.

9. If, as a result of the test, the meter is found to register more than two per cent (2%) slow for small meters or five per cent (5%) slow for large meters 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. If any bill is not paid within thirty (30) days after the mailing or presentation thereof to the customer, the Company may discontinue service after it has made a reasonable attempt to collect payment and has given the customer written notice that the customer has at least fifteen (15) business days within which to settle the customer's account or have service discontinued.

4. Pursuant to West Hawaii Water Company Tariff No. 1, Rule VII.4, to the extent that a premises receives sewer service from the Company and water service from Waikoloa Water Company, Inc., dba West Hawaii Water Company ("WHWC"), and to the extent that sewer and water service has been contracted for by the same person or persons, water service to the premises may be discontinued for non-payment of a sewer service bill, in accordance with paragraph 3 above.

5. 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.

6. 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.

7. 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 adequate service to others.

8. 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
COMPANY'S EQUIPMENT ON CUSTOMER'S PREMISES

1. All equipment belonging to the Company and installed upon the Customer's premises for measuring, testing, checking or any other purpose shall continue to be the property of the Company, and may be repaired, replaced or removed by the Company at any time without the consent of the Customer. The Customer shall exercise reasonable care to prevent damage to equipment of the Company upon the Customer's premises and shall not interfere with the operation of the same.

2. The Customer shall, at the Customer's 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.

3. 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. The Company shall be promptly reimbursed by the Customer for any such damage upon presentation of a bill therefore. Any damage to the 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, sentence, clause, or phrase thereof, irrespective of the fact that any one or more other rules, sections, sentences, clauses, or phrases be declared unconstitutional or invalid.

RULE 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, applicants shall be required to pay a contribution in aid of construction and special facility costs to the Company. The contribution in aid of construction shall be non-refundable, except as provided in Sections 7(d) and 12 of this Rule. Special facilities costs shall be governed by Rule XII.

2. Contribution in aid of construction payments are used by the Company to install or pay for sewage treatment plant facilities required to serve such applicants or customers, including:

(a) Construction of primary collection main extensions;

(b) Construction of percolation ponds and injections wells;

(c) Construction of treatment systems or improvements to increase the capacity or efficiency of the existing treatment collection systems;

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

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

3. “Special facility costs” are costs to construct facilities that are necessary to serve applicant’s project, as set forth in more detail in Rule XII.

4. “New facilities” as named in Section 1 of this Rule shall mean premises or facilities that have been connected to the Company’s sewer system after January 1, 1990.

5. “Substantially modified facilities” 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 average annual sewage outflow contribution by the premises in excess of twenty (20) per cent.

6. The contribution in aid of construction required as a condition of service to a new facility shall be payable only once for such facility, provided that an additional contribution in aid of construction may be required from customers for facilities that are substantially modified.

7. The contribution in aid of construction for sewer service shall include an equivalent per gallon charge, to be determined separately for the A Plant and the K Plant, calculated as follows:

(a) If the Company has no 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, but not less than the average cost per gallon of the most recent two phases of plant capacity, and is calculated as follows:

Estimated Daily Gallons for Proposed or Existing Development	X	Estimated Cost per Gallon of the Company's Next Capacity Addition, But In No Event Less Than The Average Cost Per Gallon of the Most Recent Two Phases of Plant Capacity	X	If CIAC is Based On Historical Costs: CPI in the year of payment / CPI for the base year (last capacity addition used in calculating CIAC)

(b) If the Company has 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 Daily Gallons for Proposed or Existing Development	X	Actual Cost per Gallon of the Company's Most Recent Capacity Addition, But In No Event Less Than The Average Cost Per Gallon of the Most Recent Two Phases of Plant Capacity	X	CPI in year of contribution payment / CPI for base year (last capacity addition used in calculating CIAC)

"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. Illustrations of the calculation of CIAC under subsections 6(a) and (b) are shown on Exhibit "B".

(c) If the Company collects a greater amount of CIAC than the total cost of all constructed phases of the wastewater treatment plant (an "Over-Collection"), then for purposes of calculating the CIAC to be paid by an applicant who will be served by the next capacity addition of the plant, the cost of such next capacity addition shall be reduced by the net unamortized Over-Collection.

(d) Where the contribution in aid of construction is based on estimated construction costs, promptly following completion of construction, the Company shall deliver to the applicant a statement showing the actual costs of construction and a recalculation of the contribution in aid of construction based on actual construction costs. Any difference between the originally calculated and recalculated contribution in aid of construction shall be payable by the Company or the applicant, as applicable, within thirty (30) days of the date of the statement.

8. The contribution in aid of construction shall be calculated on the basis of the Company's estimate of (a) the outflow from the customer's premises in the case of new facilities, or (b) the increase in outflow from the customer's premises in the case of substantially modified facilities.

9. 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 - 320 gpd
Multi family - 220 gpd

(b) Other uses by estimates of sewage flow.

(c) 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 and other factors that affect sewage outflow.

10. The contribution in aid of construction ("CIAC") for new 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 only state the Company's ability and willingness to supply the applicant with the requested service, conditioned upon the applicant's execution of an Extension Agreement within a specified period of time, payment of the CIAC, and construction of or contribution to the cost of any special facilities required to serve the applicant that are not paid for with CIAC in accordance with Rule XII. 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 payment is tendered. CIAC shall be payable in full upon execution of an Extension Agreement. If the full CIAC is not paid upon execution of the Extension Agreement, the Extension Agreement and the the "will serve" letter shall be null and void. Any Extension Agreement issued by the Company shall not be binding until payment is received.

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

12. Any will-serve agreement entered into after August 20, 2015 shall automatically terminate if the applicant does not execute an Extension Agreement and satisfy all other conditions contained in the will-serve agreement within the time set forth in the will-serve agreement.

13. Any Extension Agreement entered into after August 20, 2015 shall automatically terminate if the applicant has not completed construction of the project for which service was requested within one year after the date of the Extension Agreement, or such longer or shorter time as may be set forth in the Extension Agreement. The Company may agree to extend this date if facilities constructed or to be constructed with the CIAC are not required by another user.

14. In the event of termination of either the will-serve agreement or the Extension Agreement: (a) the Company's commitment to reserve capacity for the applicant shall be null and void; and (b) if the applicant subsequently requests service for the same property, the applicant will be required to sign a new will-serve agreement and a new Extension Agreement under which the contribution-in-aid of construction will be recalculated based on the cost of facilities required to serve applicant, and applicant will receive a credit in the amount of the unreimbursed balance of the contribution in aid of construction previously paid, if any.

15. In the event of termination of the Extension Agreement, the Company will reimburse the applicant for all or a part of the contribution in aid of construction paid by the applicant if (i) such funds have not yet been used or committed and are not required to complete construction of the facilities for which they were collected, or (ii) to the extent that the Company has received contributions in aid of construction from another applicant who will utilize any or all the capacity originally reserved for the applicant.

16. In lieu of requiring an applicant to pay a contribution in aid of construction pursuant to this Rule, the Company may, in its discretion, allow an applicant to contribute or construct facilities that are required to serve the applicant's project pursuant to Rule XII, System Extensions. Such facilities may include those described in Section 2 of this Rule. Further, in addition to requiring an applicant to pay a contribution in aid of construction pursuant to this Rule, the Company may require an applicant to construct or contribute to the cost of constructing special facilities that are required to serve the Applicant pursuant to Rule XII to the extent that the cost of such facilities is not included in the contribution in aid of construction.

17. Section 11 of this Rule shall not apply to any applicant who has entered into a will-serve agreement before August 20, 2015. Section 6 of this Rule shall not apply to any applicant who has entered a will serve agreement before August 20, 2015, except to the extent that the terms of such agreement are consistent with the terms of Section 6; provided that, if full payment of the CIAC due under such will-serve agreement has not been paid and the will-serve agreement provides that final payment will be dependent on the rate in effect at the time of such payment, the total CIAC payable will be calculated in accordance with Section 6 above**.** In addition, Section 6 shall not apply to any residential units that are subject to the Memorandum of Understanding dated March 2, 1988 by between Transcontinental Development Company and the County of Hawaii.

RULE XII
SYSTEM EXTENSIONS

1. Extensions of secondary 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. In addition, the Company may, in its discretion, allow an applicant to contribute or construct additional property or facilities that are required to serve the applicant's project pursuant to this Rule XII in lieu of, or in addition to, requiring the applicant to pay a contribution in aid of construction pursuant to this Rule XII. As used in this Rule XII, and "extension" shall include any such additional property or facilities. An extension contract shall be executed by the Company and the applicant before the Company begins construction work on such an extension. Or, if the applicant constructs an extension the contract shall be executed before the property or 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, or if the applicant elects to construct such larger facilities, 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 property and facilities shall be in accordance with the following provisions:

(a) Any facilities installed or property dedicated 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 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 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 an 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 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 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 extension contract is executed. An acceptable surety bond may, at the sole discretion of the Company, also be acceptable.

(b) If the applicant for an 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 an 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 an 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 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 extension without additional extension. The cost of the 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 an extension shall be required to advance to the Company the oversizing cost estimated by the Company for the 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 an extension.

(e) In lieu of providing the customer contribution in accordance with Sections 6(a), 6(b) and 6(c), the applicant for an extension shall be permitted, if deemed to be qualified in the

judgment of the Company, to construct and install the facilities, or to arrange for their installation. If 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 to the Company 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.

(f) If a subsequent applicant connects to an 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 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), or to the extent that the Company has previously reimbursed the pioneer for such oversizing costs.

(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 extension and pay an extension refund charge based on their proportionate share of the oversizing cost of extension. The refunds, if any, shall be made from subsequent extension refund charges covering a proportionate share of the oversizing cost for the 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 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.

(i) All customer contributions and extension refund charges shall include the Hawaii and federal income tax applicable to the contribution calculated at the marginal income tax rate applicable to corporations using the full gross up method.

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. 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.

9. If an applicant constructs or contributes to the cost of construction of facilities pursuant to this Rule, and if the applicant does not use such facilities within the time required under the Extension Agreement, the Company may elect to terminate the Extension Agreement and to use any such facilities to serve other customers. In that event, (a) the Company's commitment to reserve capacity for the applicant shall be null and void; and (b) if the applicant subsequently requests service for the same property, the applicant will be required to sign a new will-serve agreement and a new Extension Agreement, and will receive a credit in the amount of the unreimbursed balance of amounts previously paid by the applicant for facilities to serve such property under this Rule. In the event of such termination, the Company shall have no obligation to reimburse the applicant for any amounts paid by the applicant for such facilities, except for refundable contributions which shall be refunded in accordance with Section 6 of this Rule. However, the Company may, in its discretion, reimburse the applicant for all or a part of the amounts paid by the applicant pursuant to this rule if (i) such funds have not yet been used and are not required to complete construction of the facilities for which they were collected, or (ii) the Company has received funds from another applicant who will utilize the capacity originally reserved for the applicant.

WEST HAWAII SEWER COMPANY
SEWER RATE SCHEDULES

GENERAL USE RATES

MONTHLY STAND-BY CHARGES:

Residential -- Condo/Hotel (per living unit)	$73.84
Commercial (per Equivalent Residential unit[1])	$73.84

MONTHLY SEWER QUANTITY CHARGE:

In addition to the Monthly Stand-By Charge, there shall be the following monthly sewer quantity charge (sewer fee) per 1,000 gallons of metered water provided to the customer by West Hawaii Water Company per month:

Per 1,000 gallons of metered water per month	$2.0437

[1] Equivalent Residential (ER) units are dependent on a customer's meter size.

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

POWER COST CHARGE:

In addition to the Monthly Stand-by charge and the Monthly Water Consumption Charge, there shall be a Power Cost Charge per 1,000 gallons of metered water provided by West Hawaii Water Company per month. The amount of the Power Cost Charge shall be computed as follows:

Electric Power Cost Per Thousand Gallons ("TG") =
Previous Month's Electricity Cost
Divided by Previous Month's Total Metered TG of Water to the Company's customers
Times 1.06385 (Public Service Company Tax and PUC Fee)

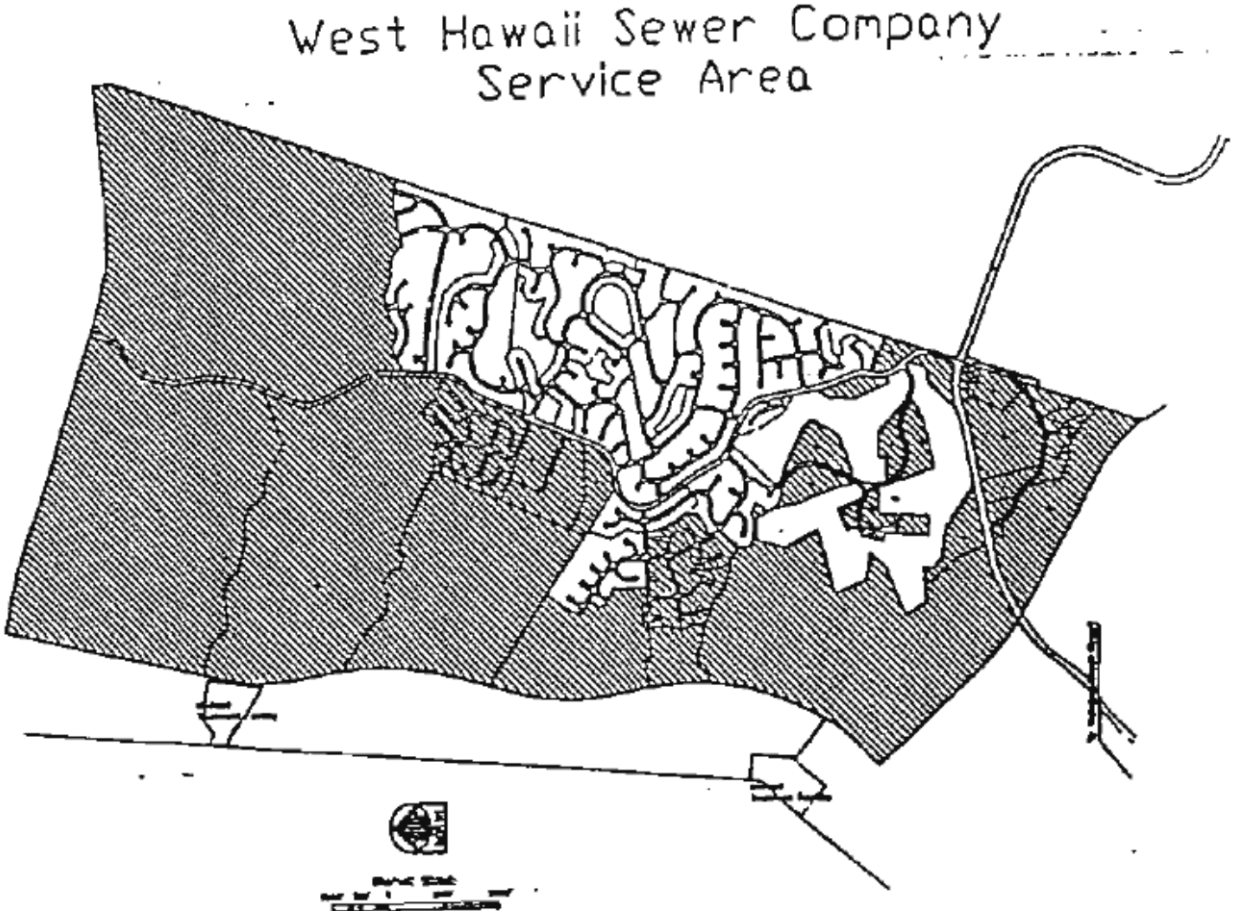

EXHIBIT A

EXHIBIT B
Illustrations of Calculation of CIAC

A Plant Cost Per Gallon:

Phase 1	266,000 gpd	$1,859,077	$6.99 per gallon
Phase 2	267,000 gpd	$4,779,864	$17.90 per gallon
Phase 3	266,000 gpd	$ 900,000 (est.)	$ 3.38 per gallon (est.)

Developer A requests 20,000 gpd where the Company has sufficient capacity to meet this request with its existing capacity in Phases 1 and 2:

CIAC = 20,000 gpd x $17.90 per gallon = $358,000 plus CPI

Developer B requests 20,000 gpd. No capacity is available from Phases 1 and 2. Phase 3 will need to be constructed:

Cost per gallon = $3.38*, but not less than the average cost of Phases 1 and 2 = $12.45 per gallon

CIAC = 20,000 gpd x $12.45 per gallon = $249,000 plus CPI

Developer C requests 20,000 gpd. No capacity is available from Phases 1 and 2. Phase 3 has been constructed and will be used to serve Developer C.:

Cost per gallon = $3.38**, but not less than the average cost of Phases 2 and 3 = $10.64 per gallon

CIAC = 20,000 gpd x $10.64 per gallon = $212,800 plus CPI

*$3.38 is the present estimate of the cost per gallon of Phase 3. This calculation will be revised to incorporate the updated estimated cost of Phase 3 as of the time the will-serve letter and/or Extension Agreement is signed.

**$3.38 is the present estimate of the cost per gallon of Phase 3. This calculation will be revised to incorporate the actual cost of Phase 3.

In addition to CIAC, an applicant may be required to pay for special facilities pursuant to Rule XII.