

HANA WATER SYSTEMS, LLC - NORTH
(FKA HANA WATER COMPANY, INC.)
RULES AND REGULATIONS
GOVERNING WATER SERVICE TO CONSUMERS
AND WATER RATE SCHEDULE

CHECK LIST SHEET

SHEET	REVISION
TITLE	ORIGINAL
CHECK LIST	SECOND
1	ORIGINAL
2	ORIGINAL
3	FIRST
4	ORIGINAL
5	ORIGINAL
6	ORIGINAL
7	ORIGINAL
8	ORIGINAL
9	ORIGINAL
10	ORIGINAL
11	ORIGINAL
12	FIRST
13	ORIGINAL
14	FIRST
15	ORIGINAL
16	FIRST
16A	ORIGINAL
17	FIRST
17A	ORIGINAL
18	FIRST
19	FIRST
20	ORIGINAL
21	ORIGINAL
22	ORIGINAL
23	ORIGINAL
24	ORIGINAL
25	FIRST
26	SECOND
26A	ORIGINAL
27	ORIGINAL

EXPLANATION OF SYMBOLS

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

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

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RULE 1

PURPOSE AND DEFINITIONS

Sec. 1-1. Purpose.

The limited area serviced by Hana Water Systems, LLC - North pursuant to its HWS - North Tariff and from its single well and multiple storage tanks necessitates the establishment of rules and regulations. These rules and regulations seek to insure a just and fair distribution of water primarily for domestic use to the people served by the Hana Water Systems, LLC - North pursuant to its HWS - North Tariff and from its water system within the limits of the water resources and systems available. The preservation and maintenance of domestic water service to existing water users without an undue reduction in the amount of water received or services rendered must be balanced against the interest of persons who desire new water service. It is the purpose of these rules and regulations, therefore, to provide direction, guidance, and procedure for the resolution of problems regarding water service before they arise. These rules and regulations are subject to change at the discretion of the Company.

Sec. 1-2. Definitions.

For the purpose of these rules and regulations, unless it is plainly evident from the context that a different meaning is intended, certain words and phrases used herein are defined as follows:

Company - Hana Water Systems, LLC - North

Consumer - The person, firm, corporation, association, or governmental agency, whether owner or tenant, whose name appears on the records of the Company as the party responsible and liable for receiving water service from the Company.

Consumer's supply pipe - The water pipe or pipes extending from the consumer's water meter.

Cost of service lateral - The sum of the cost of the labor, materials, meter box, transportation, equipment and road repair, if any, and other charges necessary for the complete installation of a service lateral, but excluding the cost of the meter.

District boundaries - The boundaries of the various districts, such as urban districts, conservation districts, agricultural districts, rural districts, residential districts, industrial districts, hotel districts, apartment districts, etc., shall be designated by the Land Use Commission of the State of Hawaii and by the County of Maui.

Dwelling unit - Any building, addition, extension, or any portion thereof, which is designated or intended for occupancy by one family or persons living together or by a person living alone.

Facilities reserve charge - The fee to be paid by owners or applicants for new or larger water meters as their proportionate share in improvements to the Company's water system.

Irrigation - Use of water for grazing or for other agricultural purposes.

Main or main pipe - The Company's supply or distribution pipe from which consumer service connections are made.

Off-site water improvements - That portion of a subdivision water system from the point of adequacy to the point of entry of such system into the subdivision boundaries.

On-site water improvements - That portion of the subdivision water system constructed within the property limits of the subdivision, to include, without limitation, all fire hydrants assemblies and service laterals whether on or off said property, as required by the Company.

Point of adequacy - That point in the Company water system, as determined by the Company, where there is adequate pressure, storage, and pipeline size to supply water to an applicant for new water service, including a subdivision, without detriment to the existing consumers.

Premises - The parcel of land, lot or lots for which the water service is intended.

Private water system - A water system constructed, owned, operated, and maintained by private individuals, corporations, or organizations.

Public water system - The water system owned, operated, and maintained by the Board of Water Supply of the County of Maui.

Run - The distance of water main and appurtenances to be installed from the point of adequacy to the point in question.

Service lateral - The main tap, pipes, fittings and valves and appurtenances from the water main to and including the meter box.

Subdivider - Any person, firm, corporation, partnership, association, trust, or other legal entity, or a combination of any thereof, who or which causes land to be divided into a subdivision for himself, itself, or for others.

Subdivision - Improved or unimproved land or lands divided or proposed to be divided into two or more lots, parcels, sites, or other divisions of land for purposes, whether immediate or future, of sale, lease, rental, transfer of title to or interest in any or all of such parcels, and shall include reusabilities, and when appropriate to the context shall relate to the process of subdividing of the land or territory subdivided. Easements for roadway or access purposes shall be construed as subdivided land. The term includes a building or group of buildings, other than a hotel, containing or divided into three or more dwelling units. Planned unit development and condominium for purposes of this rule shall be included in this definition as a subdivision.

Subdivision water system - The water system from the point of adequacy, as determined by the Company, to and within all parts of any subdivision, including mains,

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valves, hydrants, laterals, pumps, tanks, reservoirs, and all appurtenances necessary to provide water and fire protection for such subdivision.

Water service - The complete installation of pipes, fittings, appurtenances and meter necessary to provide service to a consumer. This term also refers to the delivery of water to consumers.

Water system - The network of pipelines, easements, storage facilities, water tanks, pumps, wells and other appurtenances and the like which is owned by the Company.

RULE 2

REQUIREMENTS FOR SUBDIVISION WATER SYSTEMS

Sec. 2-1. Extensions or Connections.

Extensions or connections of the water system from a subdivision to the water system shall be approved by the Company upon a determination made by the Company that a sufficient water supply exists to satisfy existing fire protection, domestic, and irrigation needs so that the Company can take on new or additional service without detriment to those consumers already served, and a determination by the Company that the subdivision water system otherwise conforms to these rules and regulations. The subdivider shall install and pay for the subdivision water system. All such subdivision water systems shall be designed and located in accordance with these rules and regulations.

Sec. 2-2. Reservoirs.

(a) A subdivider shall install and pay for storage tanks, appurtenances, and pipelines from tank site to the subdivision in accordance with standards approved by the Company. Storage tanks with a capacity of 100,000 gallons and over shall be of concrete construction. Storage tanks with a capacity of less than 100,000 gallons may be of wooden, steel, concrete, or other material as approved by the Company.

(1) Residential, hotel, apartment, business, industrial, airport, and commercial districts. Storage capacity required shall be determined on the basis of fire flow duration, maximum daily flow, or 1,000 gallons per lot, whichever of these quantities is greater.

(2) Rural and agricultural districts. Storage capacity requirement shall be determined on the basis of 1,000 gallons per lot for rural and 2,000 gallons for agricultural districts.

(b) Tank site lots, access roads and pipeline easements shall be dedicated to the Company before final subdivision approval.

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(c) Where it is determined by the Company that the subdivision does not require separate storage facilities or if the storage facilities are already available, the subdivider may be assessed by the Company for future storage. Any such storage assessment shall be in an amount determined by the Company.

(d) Storage assessment funds may be used for any reservoir-related construction or maintenance within the Company water system.

Sec. 2-3. Water Mains and Appurtenances.

(a) The subdivider shall install, in accordance with these rules and regulations, and pay for, the subdivision water system required for the subdivision.

Main sizes shall be designed to deliver water in adequate quantities at adequate pressures for both (a) domestic use and irrigation under peak consumption conditions and (b) fire protection.

(1) Urban districts.

Current Standards of the Insurance Service Office's Guide for Determination of Required Fire Flows in effect at the time of the application shall be used as a guide in designing mains for fire flows. The minimum size main from the point of adequacy to, along, and within the subdivision shall be as follows:

	Minimum Size of Water Main
2 unit subdivision	1 1/2" limited to 200' run 6" limited to 600' run 8" if run is over 600'
3 to 12 unit subdivision	4" limited to 200' run 6" limited to 600' run 8" if run is over 600'
13 to 24 unit subdivision	6" limited to 600' run 8" if run is over 600'
25 unit subdivision and over	8" or larger as determined by design for domestic and fire protection requirements.

Any subdivision having more than 200 feet of water main shall provide 6-inch water pipe or larger in residential district and 8-inch water pipe or larger in business, industrial, hotel and apartment districts. A 6-inch main shall be used only where it completes a good gridiron and in no case in blocks more than 600 feet in length.

(2) Agricultural and Rural Zoned Areas.

	Minimum Size of Water Main
2 unit subdivision	1 1/2" limited to 200' run 4" limited to 1,000' run Over 1,000' size to be determined by design for domestic and agricultural requirements.

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3 to 6 unit subdivision	4" limited to 300' run 6" limited to 1,200' run Over 1,200' size to be determined by design for domestic and agricultural requirements.
7 to 24 unit subdivision	6" limited to 1,200' run Over 1,200' size to be determined by design for domestic and agricultural requirements.
25 unit subdivision	8" or larger as determined by design for domestic and agricultural requirements.

(c) Valves, pressure reducing units, etc., of such sizes, types, and classes shall be installed as designated and required by the Company.

Sec. 2-4. Fire Protection.

(a) All subdivisions in business, industrial, hotel, commercial, duplex, apartment, airport, rural and residential districts shall be required to install fire hydrants which shall be paid for by the subdivider and shall be in accordance with these regulations. Subdivisions in agricultural districts shall be required to install standpipes. Subdivider may elect to install fire hydrant in lieu of standpipe in agricultural district.

(b) Fire hydrants shall be spaced along the streets not more than 250 feet apart in business, commercial, industrial, hotel, and apartment districts, not more than 350 feet apart in residential districts, and not more than 500 feet apart in rural and agricultural districts.

Standpipes shall be spaced not more than 500 feet apart. The Company shall determine the location of all hydrants and standpipes. All standpipes and fire hydrants required for adequate fire protection of a subdivision shall normally be located within the subdivision.

If, in the interest of better fire protection, it is determined that one or more of the required hydrants may serve the subdivision to better advantage if located outside the subdivision, they may be so located with cost to be borne by the subdivider.

(c) In fixing the standards for fire protection insofar as water supply is concerned, the Company shall be guided by the standards of the Insurance Services Office's Guide for Determination of Required Fire Flows. The minimum fire protection schedule shall be as follows:

FIRE PROTECTION SCHEDULE

MINIMUM FIRE FLOW REQUIREMENTS BY ZONING DISTRICT

DISTRICT	G.P.M.	HOURS
Agricultural	250	2
Rural	400	2
Residential	1,000	2
Duplex	1,250	2
A-1 Apartment	1,500	2
A-2 Apartment	2,000	2
Hotel	2,500	2
Business	2,000	2
Light Industrial	2,000	2
Heavy Industrial	2,500	2

(d) Fire hydrants and standpipes are not required for new subdivisions which fall completely within a radius of (1) 250 feet from the nearest existing fire hydrant in business, industrial, commercial, hotel, and apartment districts, (2) 350 feet from the nearest existing fire hydrant in residential districts, and (3) 500 feet from the nearest existing fire hydrant or standpipe in rural and agricultural districts. Where subdivisions or any portion of the new subdivision is outside such radius, compliance with subsections (a) and (b) shall be required.

Sec. 2-5. Increase in Size of Water Mains.

(a) **Increase in Size of Water Main Extensions for Service to Other Areas.** Whenever the Company finds it is necessary that the water mains proposed to deliver water to a subdivision should be of a greater capacity in order to supply water and fire protection to other property, the Company will require the installation of large size mains.

(b) **Increase in Size of Water Mains Within Subdivisions for Benefit of Other Areas.** Whenever, in order to provide for existing or future services beyond the boundaries of a subdivision, the Company finds that the mains to be installed within the subdivision should be of greater capacity than would otherwise be required, the Company will require the installation of larger size mains.

Sec. 2-6. Refund for Water Main Extension.

Main extension. If the Company's water system in the area of the subdivision is inadequate, the subdivider shall construct a water main from the nearest point of adequacy of the Company's water system to the subdivision. The water main so constructed is a "Water Extension". There shall be no refunds granted by the Company

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for water main extension constructed by others and made part of the Company's water system.

Sec. 2-7. Laterals, Dead-Ends, Alterations to Company Water System.

(a) **Laterals.** Where water main construction is necessary, the subdivider shall provide each lot in the subdivision with a service lateral from the water main to the lot boundary as specified in the "Standards For Water System Construction". As an alternate, one service lateral meeting the minimum size requirement for two-lot subdivision, as provided in Sec. 2-3 hereof, may be installed for each two (2) lots.

Where the lots to be created front along an existing water main, service laterals as required above shall be installed by the subdivider as determined by the Company.

(b) **Dead-ends.** Where the water mains proposed by a subdivider would result in dead-ends, the subdivider shall correct the condition by the installation of circuits or interconnections as may be required by the Company. Cleanouts, blowoffs, or air valve assemblies shall be installed as required by the Company.

(c) **Alterations to Company Water System.**

(1) All work and materials in connection with the change in location or grade of any part of the existing Company water system made necessary by the subdivision shall be at the expense of the subdivider.

(2) When required by the Company, contours or elevations shall be furnished by the subdivider based upon the United States Coast and Geodetic Survey or County of Maui datum.

Sec. 2-8. Preparation of Plans, Information on Plans, Approval of Plans, Delays in Construction.

(a) All construction plans for any extension of the water system shall be prepared by an engineer registered by the State of Hawaii. Preliminary maps and final maps of subdivisions shall fully conform to the requirements of these rules and regulations.

(b) The construction plans shall show the following on standard 22' x 36 1/2" with a 1/4" border size or sheets:

(1) Name of subdivision, name of subdivider, name of engineer, and location of subdivision.

(2) Date, North arrow, scale, tax key.

(3) The proposed subdivision water system, complete in both plan and profile, and its inter-relationship with street lines, lot lines, curb grades, electrical and telephone conduits, sewers and drains, both existing and proposed, as well as any other features, natural or artificial, necessary for a complete understanding of the water system design.

(4) Plan views drawn to a scale of one inch equals 40 feet or one inch equals 20 feet. Profile views drawn to a vertical scale of one inch equals 4 feet

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or larger. Manhole, fire hydrant, lateral, and other details drawn to a scale of one-inch equals one foot or larger.

(5) The designation, including alignment and width, of all easement for parts of the water system which will not be in street areas to be dedicated to the public.

(6) A general layout map showing the locations of lots and streets within the subdivision and its near vicinity together with existing and proposed water system.

(7) A small key location inset or vicinity map showing the proposed subdivision in relationship to streets and water mains in the area.

(8) In cases in which the owner or subdivider also owns areas contiguous to the proposed subdivision, or separation therefrom by a street, a sketch of the future street and lot pattern and the water system proposed to serve such contiguous areas shall be furnished for study with the construction plans.

(c) No construction of a subdivision water system or any portions thereof, to be connected to the Company's water system, shall be undertaken prior to approval of the final construction plans and specifications by the Company as required. After said approval, the subdivider shall transmit four (4) sets of all final construction plans and specifications to the Company.

(d) If any period exceeding one year or such extensions as may be granted passes without substantial progress in the construction of the subdivision water system, after final approval of the plans and specifications thereof by the Company, the Company shall have the right to cancel such final approval given by the Company.

Sec. 2-9. Materials and Construction Standards, Installation of Water Service, Inspection of Work.

(a) **Materials and construction standards.** All pipes, fittings, and valves shall be of manufacture and grade acceptable to the Company and shall meet the American Water Works Association specifications. All pipes in sizes 2 1/2 inches and less shall be standard galvanized pipe or equal, except that service laterals and connections shall be copper tubing, Type K, soldered joints or polyethylene as approved by the Company, and all fittings for same shall be copper fittings or polyethylene as approved by the Company. Pipes may be centrifugally case iron pipe or ductile iron, Class 52, with a maximum of 1/8-inch cement mortar lining.

All cast iron fittings shall be Class "D" or equal, cement mortar lined.

Pipes, fittings, valves, and other appurtenances required in the installation of mains within a subdivision shall be new.

The design, construction procedures, and workmanship with respect to any subdivision water system, or any portion thereof, that are to be connected to the Company water system shall be in accordance with the requirements of the State Department of Health and all applicable laws.

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(b) **Installation of water service.** The Company shall have free access at all times to all installations made for the subdivision and shall be given any assistance required and every facility, information, and means of thoroughly inspecting the work to be done and the materials used or to be used. All work shall be done during the normal work week and no work shall be permitted during Saturdays, Sundays, and holidays, except during an emergency or under such conditions as may be approved by the Company, in which case such services shall be paid for by the subdivider.

(c) The developer shall notify the Company three (3) days in advance prior to commencement of work.

Sec. 2-10. Ownership of Installed Water System.

As a condition precedent to connecting the subdivision water system to the Company water system, the subdivider shall convey the subdivision water system to the Company by an instrument in a form acceptable to the Company, and shall submit together therewith an affidavit showing the breakdown as to the cost of such installation, and said subdivision water system, after being accepted by the Company, shall thereafter be maintained and operated as a part of the Company water system; provided, however, that the Company may refuse to operate and maintain facilities installed without the Company's prior approval. Prior to the commencement of water service, and as a prerequisite to such service, the subdivider shall deliver to the Company perpetual easements for all portions of the subdivision water system. The subdivider shall also convey to the Company fee simple title to all sites on which are located tanks, reservoirs and pumps constructed by the subdivider and connected to the Company water system together with easements for ingress and egress.

Sec. 2-11. Repair and Replacement of Improvements.

Prior to acceptance, the subdivider shall enter into an agreement with the Company and shall file with the Company a surety bond or other approved bond to insure the repair and replacement of subdivision water system improvements in accordance with standards acceptable to the Company for a period of five years from the date of dedication to and acceptance by the Company. The amount of the surety bond or other approved bond shall be at least ten percent of the cost of construction as estimated by the Company.

RULE 3

WATER SERVICES

Sec. 3-1. General Conditions.

(a) Any prospective consumer whose premises are within the service area authorized by the Hawaii Public Utilities Commission and adjacent to a distributing main, where pressure conditions permit, may obtain water service provided that the Company has sufficient water supply for existing water users so that it can take on new or additional water service without detriment to those already served and if the consumer agrees to abide by these rules and regulations. The Company shall provide water service pursuant to its HWS - North Tariff only in the area shown on the map attached hereto as Exhibit A.

(b) Where an extension of mains is necessary or where large quantities of water are required or a substantial investment is necessary to provide service, then, before any new water service can be approved, the consumer will be informed by the Company as to the conditions and charges to be made for the various areas and situations such that water can be delivered in adequate quantities and pressures for domestic use under peak conditions and adequate fire protection.

(c) All water supplied by the Company will be measured by means of suitable meters registering in gallons. The amounts to be paid for water and water service shall be in accordance with the rates established by the Company. The Company will determine the location and size of all meters and service connections to its system. All service connections shall become the property of the Company for operation and maintenance after installation and new connections or disconnections may be made thereto by the Company at any time.

(d) The standard size of meter to be used by the Company will be 1" and will accommodate one dwelling. Such water used from said meter shall be for domestic use only. Any deviation from this standard use shall require approval by the Company.

Sec. 3-2. Conservation Measures and Interruption of Water Supply.

(a) The Company will exercise reasonable diligence and care to deliver an adequate supply of water to the consumer and to avoid shortages or interruptions in service, but will not be liable for any interruption, shortage, insufficiency of supply, or any loss or damage occasioned thereby.

(b) Whenever, in the Company's opinion, special conservation measures are advisable in order to forestall water shortage and a consequent emergency, the Company may restrict the use of water by any reasonable method of control.

(c) The Company reserves the right at any and all times to shut off water from the mains without notice for the purpose of making repairs, extensions, or alterations

and will not be responsible nor liable for any property loss or damage incurred by the consumer due to such interruption of service. Consumers depending upon a continuous supply of water shall provide emergency water storage and any check valves or other backflow protection and other devices necessary for the protection of plumbing or fixtures against failure of the pressure or supply of water in the Company's main. Repairs or improvements will be pursued as rapidly as practical and insofar as practical at such times as will cause the least inconvenience to the consumer. Consumers depending on a continuous supply of clean water shall install filters or other protective devices at their own expense, and the Company shall not be liable for any property loss or damage incurred by consumers because of dirty water.

(d) The Company will not be liable or responsible for any damage to person or property caused by spigots, faucets, valves and other equipment that may be open when water is turned on at the meter, either when turned on originally or when turned on after a temporary shutdown.

Sec. 3-3. Pressure Conditions, Elevation Agreement.

(a) The Company will not accept responsibility to maintain pressure in its water mains.

(b) Where the premises is situated at such an elevation that it cannot be assured of a dependable supply from the Company water system, the consumer, in consideration of connection with the Company, shall agree to accept such service as the Company is able to render from its existing facilities; to install and maintain at his expense a tank and pump, with an air gap between the consumer's supply pipe and the Company system, of suitable design and of sufficient capacity to furnish an adequate supply of water; and to execute a written release in favor of the Company for all claims on account of any inadequacy in the Company water system or inadequacy of water supply to the consumer at his premises.

(c) All such agreements shall be recorded at the Bureau of Conveyances.

(d) When the pressure of the Company's water supply fluctuates or is higher than that for which individual fixtures are designed, the consumer shall protect such fixtures by installing and maintaining pressure reducing and relief valves. The Company will not be liable for damage due to pressure conditions or for damages caused by or arising from the failure or defective conditions or such pressure regulators and relief valves or for damage that may occur through the installation, maintenance, or use of such equipment.

Sec. 3-4. Application for Water Service and Service Connection.

(a) Each prospective consumer shall be required to sign the standard application form for the water service desired, assuming responsibility for the payment of future charges for service at the designated premises, before water is turned on for any use whatever. The person or organization signing the application form shall be held liable for the payment of all charges for water and water service at the designated premises.

If a tenant who is responsible for and fails to pay water bills rendered, the landlord, who co-signed the application for water, shall pay such bills and in the event of his failure to do so, the Company may refuse to furnish services until the outstanding bills are paid.

(b) Charges will begin when the water service is established and will continue until due notification in writing from the consumer or until discontinued by the Company for failure of the consumer to comply with the provisions of these rules and regulations.

(c) When an application for water service is made by a former customer who was responsible for and failed to pay all bills for service previously rendered, regardless of location or time incurred, the Company may refuse to furnish service to such applicant until the outstanding bills are paid.

(d) A consumer who takes possession of the premises and uses water without having made application for the transfer of water service shall be held liable for the water delivered from the date of the last recorded meter reading.

(e) Each prospective consumer shall grant to the Company any easement required by the Company for any service lateral or water main located, or to be located, on the premises for which the Company then has no easement.

Sec. 3-5. Installation of New Water Service.

(a) **Installation.** When an application for water service has been approved, such water service will be installed as agreed upon between the Company and the applicant at the expense of the applicant and thereafter will be maintained by the Company at its expense. There shall be one meter at each premise, unless the Company, because of operating necessity, installs two or more meters in parallel. All meters will be sealed by the Company before installation and no seal shall be altered or broken except by one of its authorized employees.

(b) **Deposit.** A deposit equal to the Company's estimate of the cost of the service lateral and meter installation will be required of the applicant before the water service connection is installed. If the actual cost of such 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. Installation cost

shall be based on the cost of installation as established by the Company. Said charges shall be available for inspection at the office of the Company. In the event a meter box larger than the standard household type is required, the consumer shall be responsible for the construction of the meter box in accordance with the Company's standards.

(c) **Consumer's supply pipe.** The consumer shall install at his own expense and shall connect to the Company's facilities that portion of the water system for his premises including backflow protection devices that lies on his side of the shut-off valve, and such portion of the water system shall at all times remain the sole property of the consumer, who shall be responsible for its maintenance and repair. If the consumer's supply pipe is installed to the intended and agreed location of the meter, the Company may make the connection to it when setting the meter, provided, however, it is required by the consumer prior to the installation of the service connection.

(d) **Connection to main.** Only employees of the Company will be allowed to connect or disconnect the water service to or from the Company's main.

(e) **Compensation.** Employees of the Company are strictly forbidden to demand or accept personal compensation for services rendered.

(f) **Pipe through basement wall.** Where the applicant requires his supply pipe extended through a basement wall, he shall provide the entrance-way through such wall. The Company will not be responsible for any damage caused by leakage through or inside such entrance-way.

(g) **Location of service lateral or main.** No service lateral or water main will be installed by the Company in any public or private road, lane, street, alley, court or place, until such rights-of-way have been duly conveyed to the Company or the Company is given proper easements for the main or service lateral. Otherwise, an applicant desiring water service to property fronting on such roads, lanes, etc., must extend his supply pipe to the nearest street on which a main exists for the Company water system. All meters shall be installed along the premises boundary or where reasonably feasible, unless the Company, because of operating necessity, installs the meter elsewhere. Consumers are prohibited from using the valve or stop-cock before the meter.

(h) **Facilities reserve charge.** There shall be a facilities reserve charge in addition to the charges for the installation of the service laterals and meters which amount shall be as provided for in the rates and fees of the Company. The charge shall be paid by the applicant prior to installation of water service.

(i) **Change in location or size of service connection.** When proper size of service connection for any premises has been determined and the installation has been made by the Company at the location specified, the Company has fulfilled its obligation as to the size of the service and the location thereof. If thereafter the consumer desires a change in size of the service connection or a change in the location thereof, he shall bear all costs of such change.

(j) **Shut-off valve.** A readily accessible shut-off valve controlling all outlets will be installed by the Company at the expense of the consumer on his supply pipe at a

location to be determined by the Company. If a replacement of the shut-off valve is necessary, it shall be installed by the Company and paid for by the consumer.

(k) **Check valve.** A check valve shall be installed by the Company after the shut-off valve and paid for by the consumer. The consumer shall test, inspect and make necessary repairs and replacements at the consumer's expense to keep the check valve in good working condition. The Company shall have access to make periodic inspection of such devices.

(l) **Alteration to Company water system.** All work and materials in connection with the change in the location or the elevation of any part of the existing Company water system made necessary by the new water service shall be at the expense of the applicant.

(m) **Contours or elevations.** When required by the Company, contours or elevations shall be furnished by the applicant based upon the U.S. Coast and Geodetic Survey or the County of Maui datum.

Sec. 3-6. Meter Reading and Rendering of Bills.

(a) All water supplied by the Company will be measured by means of suitable meters registering in gallons.

(b) Meters will be read and bills rendered monthly or bimonthly or at such other intervals as determined by the Company. Special readings may be made, when necessary, for closing accounts or other reasons. If a meter cannot be read, an estimated bill will be rendered, said bill to be calculated whenever possible on prior consumption. Such estimated bill will be subject to equitable adjustment taking into account all factors before, during, and after the period of said bill.

(c) Closing bills for short periods of time from the last meter reading date will ordinarily be determined by the amount of water actually used, as indicated by the meter reading, plus a proration of the service charge if such a charge is set up on the rate schedule. In prorating service charges, a billing month shall be considered to be 30 days.

(d) For the purpose of computing charges, all meters serving the consumer's premises shall be considered separately, and the readings thereof shall not be combined except in cases where the Company, because of operating necessity, installs two or more meters in parallel to serve the same consumer's supply pipe.

Sec. 3-7. Payment of Bills.

All bills shall be due and payable upon deposit in the United States mail or upon other presentation to the consumer. Payment shall be made to the address provided by the Company on the bill itself or at the office of the Company or, at the Company's option, to duly authorized collectors of the Company. Any bill which is not paid within sixty (60) days after deposit in the United States mail or other presentation to the consumer shall be deemed delinquent, and water service shall be subject to

discontinuance in accordance with Sec. 3-10 below. All unpaid consumer balances over thirty (30) days old are subject to interest of one percent (1%) per month until paid plus a one time late charge equal to five percent (5%) of the unpaid amounts as partial compensation for the administrative costs in initiating action to collect the unpaid amounts. Any bill for which a bank check written in payment has been dishonored will be due and payable immediately upon written notice to the consumer by the Company of the check's dishonorment. Within five (5) days of issuance of written notice, the full amount of the bill must be paid in cash at the Company's office or, at the Company's option, to duly authorized collectors of the Company, along with a \$30.00 service charge. Should the consumer fail to make payment on the dishonored check, the Company may discontinue service under Sec. 3-10, with the sixty (60) day period running from the date that the original bill was mailed or presented to the consumer.

Sec. 3-8. Non-Registering Meters.

If a meter fails to register due to any cause except the nonuse of water, an average bill may be rendered using the last three billing periods determined in accordance with Sec. 3-6 and Sec. 3-7 above. Such average bill will be subject to equitable adjustment taking into account all factors before, during, and after the period of said bill.

Sec. 3-9. Meter Test and Adjustment of Bills for Meter Inaccuracy.

(a) **Meter tests.** All meters are tested prior to installation. Any consumer, who, for any reason, doubts the accuracy of the meter serving his premises may request a test of the meter. The consumer, 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.

(b) **Adjustment of bills for meter inaccuracy.** If, as a result of the test, the meter is found to register more than two per cent fast under conditions of normal operation, the Company will refund to the consumer 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.

(c) **Control and maintenance.** The consumer will be responsible for maintenance and repairs to pipes and fixtures on the consumer's side of the meter.

Sec. 3-10. Discontinuance of Service.

(a) Water service may be discontinued for any of the following reasons:

(1) The non-payment of any bill. Water service may be discontinued for nonpayment of a bill within sixty (60) days after the mailing or presentation thereof to the consumer. The Company may disconnect service after it has made a reasonable attempt to collect payment and has given the consumer written notice that the consumer has five (5) business days within which to settle the consumer's account or have service discontinued.

(2) Failure to comply with any of the provisions of these rules and regulations. If the consumer fails to comply with any of these rules and regulations and such failure shall continue for thirty (30) days following notice by the Company, or the consumer tampers with the service facilities, the Company will have the right to discontinue the service.

(3) Consumer about to vacate premises. Each consumer about to vacate any premises supplied with water by the Company shall give notice of the intention to vacate prior thereto, specifying the person who shall thereafter be responsible for future bills and, if such party is someone other than the property owner or long term lessee of the premises, shall furnish the Company with an application for service signed by such person, otherwise the vacated consumer shall be held responsible for all water service furnished to such premises until the Company has received such notice and has approved the application of the new prospective consumer. If proper application for transfer is not made, and if accumulated bills for water service are not paid upon presentation, the water service may be discontinued five (5) business days after written notice is given to the consumer. Before buildings are demolished, the Company shall be notified by the consumer so the service connection can be closed.

(4) Unauthorized Use of Water. The Company will refuse or discontinue water service to any premises, if necessary, without giving notice, to protect itself against fraud, abuse, or unauthorized use of water.

(5) Where negligent or wasteful use of water exists on any premises. Where negligent or wasteful use of water exists on any premises, the Company may discontinue the service if such conditions are not corrected within five (5) business days after giving the consumer written notice of intent to do so.

(b) The Company will refuse or discontinue water service to any premises, without giving notice, to protect itself against fraud, abuse, or the unauthorized use of water.

Sec. 3-11. Restoration of Water Service.

If a consumer's water service is turned off for failure to pay a bill, for the violation of any of these rules and regulations, or for other reasons, all outstanding accounts against said consumer plus the charge for reopening, reinstallation or reconnection must be paid before water service will be restored. Said charges shall be established by the Company.

Sec. 3-12. Company Equipment on Consumer's Premises.

All equipment that belongs to the Company and installed upon the consumer'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 consumer. The consumer shall exercise reasonable care to prevent damage to meters and other equipment of the Company upon the premises and shall in no way interfere with the operation of the same.

Sec. 3-13. Damage and Accessibility to Company's Property.

(a) Any damage to water mains, service connections, valves, fire hydrants, or other property of the Company shall be paid for by the person, persons, legal entity, or organization responsible for the damage.

(b) The consumer shall be liable for any damage to a meter or other equipment or property of the Company caused by the consumer or his tenants, agents, employees, contractors, licensees, or permittees on the consumer's premises and the Company shall be promptly reimbursed by the consumer for any damage upon presentation of a bill thereof. In the event settlement for such damage is not promptly made, the Company reserves the right to discontinue water service to such premises.

(c) When a meter is found to have been damaged by hot water or steam emanating from the premises served, the consumer shall pay for all costs required to repair and/or replace the meter.

(d) No obstruction shall be placed on or around any water meter, fire hydrant, or valve so as to render it inaccessible.

Sec. 3-14. Relief Valve.

Wherever a check valve or pressure valve is installed on the consumer's cold water supply line between the main and a hot water storage tank and/or heater, there shall be installed on the consumer's hot water distributing system a suitable pressure relief valve.

Sec. 3-15. Ingress To and Egress From Consumer's Premises.

Any officer, employee or authorized representative of the Company shall have the right of ingress to and egress from the consumer's premises at all reasonable hours and at any hours during an emergency for the purpose of maintaining, replacing, or making any adjustment to any part of the Company's water system that is located on the consumer's premises, and in order to exercise any right given to the Company under any easement, or under these rules and regulations. In case any such officer, employee or authorized representative is refused admittance to any premises, or being admitted shall be hindered or prevented from carrying out his duties, the Company may cause the water to be turned off to said premises after giving 24 hours notice to the owner or occupant of said premises of its intention to do so.

Sec. 3-16. Responsibility for Water Receiving Equipment.

(a) The consumer shall at his own risk and expense furnish, install, and keep in good and safe condition all equipment that may be required for receiving, controlling applying and utilizing water, and the Company will not be responsible for any loss or damage caused by the improper installation of such equipment, or the negligence, want of proper care, or wrongful act of the consumer or any of his tenants, agents, employees, contractors, licensees or permittees installing, maintaining, using, operating or interfering with any such equipment.

(b) Water service may be discontinued to any consumer whose water system includes plumbing fixtures or water containers in any form, or of any use which, in the opinion of the Company, may endanger the water supply from a public health standpoint. Any such discontinuation of service shall continue until objectionable installations have been corrected and the Company has been assured that the objectionable uses and practices will not be resumed.

Sec. 3-17. Abatement of Noises.

Where it has been determined that noises emanating from a consumer's premises are caused by plumbing fixtures or other equipment attached to water pipes and such noises are being transmitted through the water pipes and causing annoyance to other consumers, the Company may issue a notice in writing to the offending consumer or to the owner of such premises, or to his agent, giving reasonable time within which to correct or to remove the cause of complaint. Failure on the part of such consumer, owner, or person responsible to correct or remove the cause of the noise will be sufficient reason for discontinuance of water service to the consumer until such time as the condition complained of has been remedied.

Sec. 3-18. Electrical Grounding.

(a) Protective grounding of alternating current secondary distribution circuits made to the water system shall be subject to the following conditions:

(1) The grounding installation shall conform in all details with the National Electrical Code of the National Board of Fire Underwriters and with the building code of the County of Maui. The Company shall not be responsible for any damage or injuries caused by an electrical grounding.

(2) The installation of the bonding jumper around the meter or where required by the said codes shall be the responsibility of the installer of the grounding connection. The bonding jumper shall be installed in such a manner as not to interfere with the installation or removal of any of the company's facilities.

(b) No grounding of direct current system to any portion of the water system shall be permitted.

(c) No grounding other than as provided in paragraph (a) hereof shall be made to any portion of the water system without the Company's written approval.

(d) The Company will not be responsible for the maintaining of a continuous metallic water piping system and reserves the right, without liability to public utility electric companies, electric consumers, or any other agency or individual, to create a physical break in its service connections and mains, or to incorporate non-metallic pipes and appurtenances in its system and to make joints of any materials, without regard to their efficiency as conductors of electricity and without giving notice.

(e) Whenever grounding fault occurs and causes electrical current to flow into the pipeline system, the consumer shall have the corrections made immediately. Corrections not made will be subject to discontinuance of water service.

Sec. 3-19. Consumer's Pumping Installations.

(a) Consumers shall not be permitted to install or operate pumps that pump water directly from the mains of the Company water system.

(b) No pump shall be equipped with a direct water supply connection for priming purposes except with the written permission of the Company.

Sec. 3-20. Cross-Connections and Backflow Protection.

(a) **Prohibition of certain connections and installations.** In order to provide sanitary protection to the Company's water supply and to comply with the applicable regulations of the State of Hawaii public health service or other Federal agency as adopted or amended from time to time, the Company will require that following the effective date of these rules and regulations no cross-connections with other water supplies, or other physical connections shall exist, or be installed, located, maintained or operated which could permit backflow of contaminated water or any other

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dangerous, impure, unsanitary or unpotable substance from the consumer's premises into the Company's water supply system, except as provided below:

(1) Cross-connection with other water supplies. Owners (or operators) of presently existing water supplies which are in active use and cross-connected to the Company's system will be required to secure permits for the continuance of such cross-connection. Permits will be granted on a provisional basis, renewable yearly, under the following conditions:

a. Where such water supplies are regularly examined by the Company, or other agencies satisfactory to the Company, and are approved by the Company, as acceptable, safe and sanitary supplies and continue as such at all times while the connections are in existence.

b. Where such water supplies do not meet the requirements of a. above, are not normally under pressure and are maintained solely for fire fighting purposes and where adequate protection against backflow to the Company water system is provided by mechanical or other methods or devices satisfactory to the Company.

(2) Other physical connections. Other physical connections may be permitted if, in the judgment of the Company, adequate protection can be provided the water supply of the company against backflow by the installation of mechanical or other methods or devices approved by the Company and installed, maintained and operated by the consumer in a manner satisfactory to the Company at all times; provided however, that the Company may require the consumer to eliminate or rearrange designated plumbing or piping connections or fixtures, or to install a backflow device at the meter or other location, subject to the approval of the Company, as an added safety measure in addition to any and all other backflow protection required or provided by mechanical or other methods or devices, whenever (1) the consumer is engaged in the handling of dangerous or corrosive liquids or industrial or process waters, highly contaminated water or sewage, or is engaged in the medical or dental treatment of persons who might have diseases transmittable by water, or whenever (2) in the judgment of the Company there exists a danger of backflow into the Company's main because of the possibility of unauthorized connections being created through non-compliance or inadvertence on account of the complexity of the system or systems or because of failure by the consumer to provide adequately qualified personnel and supervision for maintenance and extension of the consumer's piping system or systems, or for any other sufficient reason or cause.

(b) **Separate pressure system.** The Company will require the installation of mechanical or other methods or devices on the consumer's side of the meter whenever the consumer maintains a separate pressure system or a separate storage facility, or in any way increases the pressures of the water within his premises above the pressure

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furnished by the Company or has such equipment devices or arrangement of piping, storage, or industrial methods or processes that might under certain conditions raise the pressure of the water within his premises above the pressure of the water in the mains of the Company. Plans for such installation must be approved by the Company.

(c) **Pressure regulation required of consumer.** As a protection to the consumer's plumbing system a suitable pressure relief valve must be installed and maintained by him at his expense when backflow devices are installed on the consumer's side of the meter.

(d) **Location and inspection of protective devices.** Any device installed for the prevention of backflow, as may be required under these rules and regulations, shall (unless the Company approves otherwise in writing), be located above ground and in such a manner as to be safe from flooding or submergence in water or other liquids, properly protected from external damage, freely accessible and with adequate working room for inspections, testing and repairing.

All such devices shall be tested by owner at least once every four months and inspected internally not less than once annually. Repairs, replacement of parts, etc., shall be made immediately at the expense of the consumer. Making the tests and annual inspections shall be the responsibility of the consumer and shall be made by the consumer or other qualified person or persons in accordance with methods acceptable to the Company. Records of tests and inspections shall be made on forms prescribed by the Company and a copy of such records shall be furnished to the Company. Failure of the consumer to make the proper tests and submission of records may, at the option of the Company, result in the Company's making the tests, needed repairs and replacements and charging the costs thereof to the consumer.

(e) **Affidavit of compliance.** Upon the request of the Company, the consumer shall present an affidavit either certifying to the fact that there are no connections or other installations of the type prohibited in paragraph (a) of Sec. 3-20 on his premises or describing in detail all non-conforming connections or installations.

(f) **Conformance with laws and ordinances.** The several conditions relative to the installation and maintenance of cross-connections and other physical connections referred to in this section shall be subject to change to meet changing requirements of the state and federal health authorities and of the building code of the County of Maui.

(g) **Discontinuance of service for non-compliance.** Failure on the part of the consumer to comply with the Company's requirements relative to cross-connections and backflow protection will be sufficient reason for discontinuing service until such time as the requirements have been met.

Sec. 3-21. Installation of Automatic Fire Service.

(a) Private fire service will be furnished only where adequate provision is made to prevent diversion of water through such service to other purposes. The fire service connection will be installed as agreed upon between the Company and consumer and shall be paid for by the consumer in accordance with the provisions for the installation of new water services. After the water is turned on, the Company assumes no liability for loss or damage of any kind whatsoever that may occur to the premises served, regardless of cause.

(b) No charge will be made for water used through such connection for fire protection purposes but any water lost through leakage or used in violation of the conditions contained herein shall be paid for by the consumer at the regular schedule of water rates and charges. The Company may, without giving notice, disconnect and remove the said water service if water is used for other than fire protection purposes or if leaks are not corrected. Whenever such disconnection is in effect, the Company shall not be held in any way liable for loss or damage sustained due to such condition.

(c) Fire service charges will be in accordance with the rates established by the Company from time to time.

(d) All private fire services shall be metered with a detector check valve and a by-pass meter of the type approved by the Company. The meter required shall be approved by the Company. The consumer shall pay for all materials and the installation of meter, detector check valve, concrete box and appurtenances. The service shall remain the property of the consumer after installation.

(e) Such fire service devices shall be maintained by the consumer. The Company shall be provided access for periodic inspection and testing of such devices.

Sec. 3-22. Use of and Damage to Fire Hydrants, Change in Hydrant Location, Responsibility for Maintenance and Operation of Private Hydrants, Free Access to Private Hydrants.

(a) Any use of a fire hydrant or tampering therewith or the taking of water therefrom for purposes other than fire protection by persons other than authorized by the Company is hereby prohibited, except upon prior application to and written permit by the Company.

(b) The consumer shall be prohibited from erecting or constructing any building, fence or other obstacle which when constructed would, in the opinion of the Company, interfere with or prohibit access to said fire hydrants.

Sec. 3-23. Refrigeration and Air Conditioning Equipment.

(a) No new installation or replacement installation of refrigeration or air conditioning equipment requiring the use of water from the water system shall be installed on any premises until a permit authorizing such installation has been issued by the Company. Before a permit is issued, the owner shall inform the Company in writing of the make, type, horsepower and tonnage of installation, the minimum and maximum water requirements, the name and address of the applicant, the location of the premises where the unit is or is to be installed, and such additional information regarding the proposed installation as may be required by the Company.

(b) No new installation or replacement installation of water-using refrigeration or air conditioning equipment having manufacturer's ratings of 5 tons of refrigeration capacity or more shall be served by the water system unless such equipment includes water conserving devices whose net use of waste water does not exceed 0.2 gallon per minute per ton of refrigeration capacity. Water-using equipment whose capacities or ratings are lower than that mentioned above shall be provided with an automatic water-regulating device which limits the use of water to not more than 2 gallons per minute per ton of refrigeration.

(c) Where a consumer is served by more than one unit whose combined capacities or ratings total 5 tons of refrigeration or more, such installations shall be considered as one unit for the purposes of this section.

(d) All installations of water-using refrigeration and air conditioning equipment, regardless of capacity, which are to be served by the water system will be required to provide backflow protection device in accordance with this Section and must conform with all other applicable provisions of these rules and regulations.

Sec. 3-24. Resale of Water.

Unless specifically agreed upon, the consumer shall not resell any water received by him from the Company.

Sec. 3-25. Penalty.

Any consumer violating any of the provisions hereof shall be liable to a suspension or termination of "WATER SERVICE" and such service shall not be renewed until all water rates due, together with costs and expenses incurred in connection with such violation, shall have been paid in full, and may be subject to a fine of not more than \$500 for each violation.

RULE 4

CONTROL OF WATER USAGE DURING PERIODS OF DROUGHT

Sec. 4-1. Declaration of Water Shortage.

(a) Whenever the water supply becomes inadequate for the Company water system because of a period of drought or other reasons, the Company shall issue a proclamation declaring a shortage to exist in such area.

The declaration of shortage shall be mailed to each consumer at least once a month during the period of the shortage.

(b) Water conservation measures during a period of shortage. Whenever the Company declares a shortage to exist, the Company shall restrict the use of water by such appropriate schedules and measures, and for such restricted purposes, as it may deem proper in its sole discretion.

The schedules shall restrict the use of water by any particular user during certain hours or days of the week and within certain amounts in accordance with a schedule made known to the user.

The Company may prohibit the use of water for irrigation, lawns, construction, subdivision or other types of activity involving the use of water. The Company may also prohibit the installation of any new meter or new service.

To the extent necessary, mail and other communication means (e.g., notices via email, websites, etc.) may also be used to inform consumers or users of such schedules and measures established by the Company.

Sec. 4-2. Penalties.

The Company shall remove the water meters of users who violate any of the schedules or measures established and shall assess the user the sum of fifty dollars (\$50.00) for reinstallation of the meter.

HANA WATER SYSTEMS, LLC - NORTH

WATER RATE SCHEDULE

GENERAL USE RATES

Monthly Standby Charges

Monthly Charge Per Installed Meter	Meter Size		
	<u>5/8"</u>	<u>1"</u>	<u>2"</u>
Step 1 - effective upon approval	\$24.80	\$28.80	\$92.00
Step 2 - effective 1/1/2019	\$28.60	\$36.60	\$119.00
Step 3 - effective 1/1/2020	\$32.40	\$44.40	\$146.00
Step 4 - effective 1/1/2021	\$36.20	\$52.20	\$173.00
Step 5 - effective 1/1/2022	\$40.00	\$60.00	\$200.00

Monthly Volumetric Rate

	Volumetric Rate per 1,000 gallons	
	Up to 25,000 gallons per month	Greater than 25,000 gallons per month
Step 1 - effective upon approval	\$3.99	\$4.06
Step 2 - effective 1/1/2019	\$6.57	\$6.97
Step 3 - effective 1/1/2020	\$9.14	\$9.89
Step 4 - effective 1/1/2021	\$11.72	\$12.80
Step 5 - effective 1/1/2022	\$14.29	\$15.72

NON-RECURRING CHARGES

New Water Service Connection Deposit/Charge.....\$1,500 per connection

Consistent with the applicable provisions of Sec. 3-5 above, this deposit/charge shall be collected from each new consumer requesting service at a location where no meter is installed, prior to receiving service, and is intended to be equal to the Company's estimate of the cost of the service lateral and meter installation that will be required of the applicant before the water service connection is installed. This non-refundable deposit/charge may be subject to be modified per Sec. 3-5(b) above and shall be made only once per location where water service is requested. These amounts shall be recorded as Contributions-in-aid-of-Construction

Voluntary Disconnect and Reconnection Charge.....\$260.00 per request

This charge shall be applied in each instance where an existing consumer requests a temporary suspension of water service for a period of longer than one-month. The purpose of this charge is to compensate the Company for revenue lost by temporary disconnections normally lasting several months while the consumer is not at the premises. The charge also includes a charge for the cost of the actual meter shut-off and subsequent turn-on.

Involuntary Disconnect and Reconnection Charge.....\$60.00 per instance

This charge shall be applied in each instance where a consumer's service has been disconnected for non-payment or other violation of the Company's Rules and Regulations. The purpose of this charge is to recover the cost of the actual meter shut-off and subsequent turn-on.

Hana Water System - North: Service Area

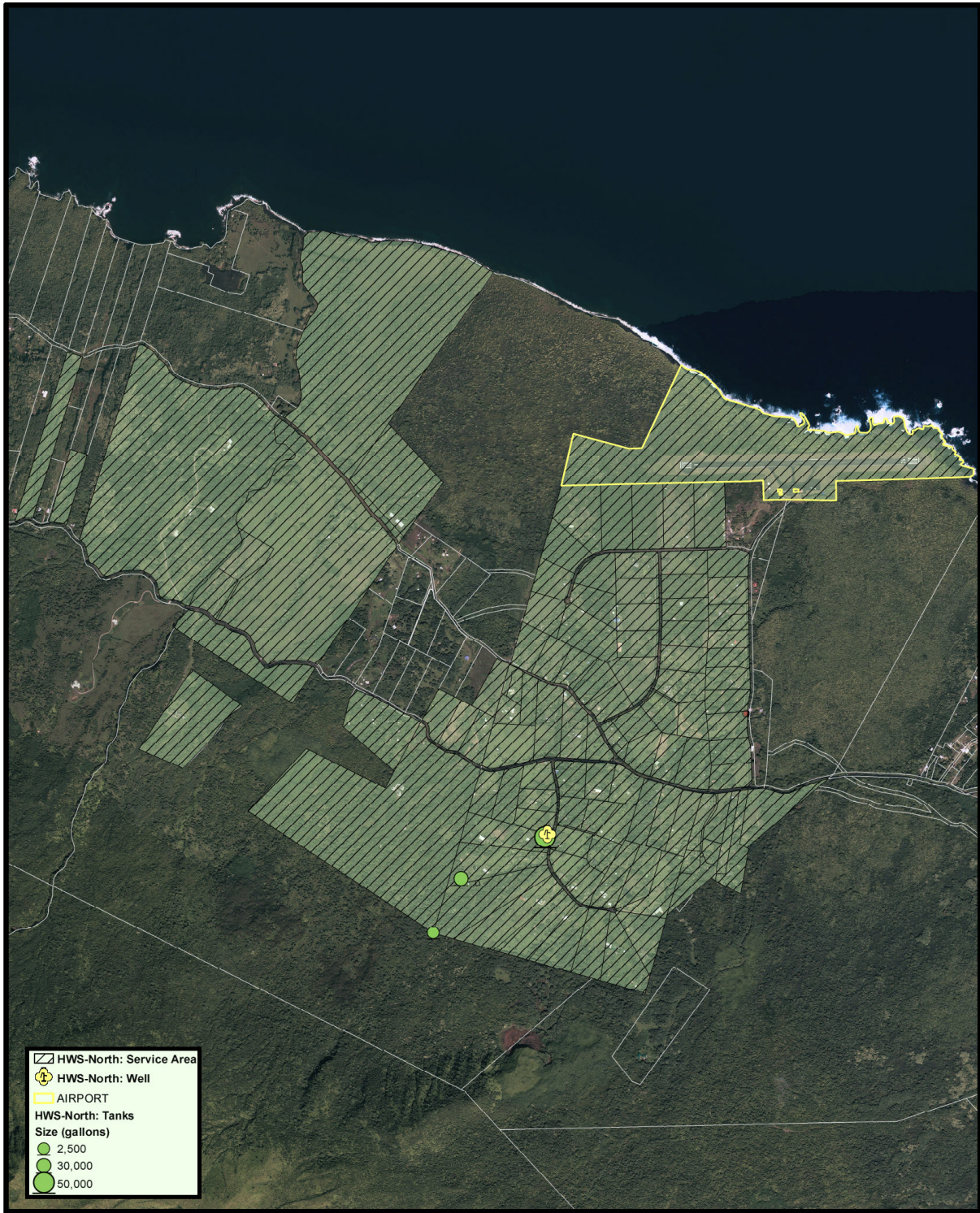


EXHIBIT A