

**RULES AND REGULATIONS
GOVERNING RATE SCHEDULES AND
THE PROVISION OF NON POTABLE WATER SERVICE TO CONSUMERS**

Olowalu Water Company, LLC

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FOREWARD

These Rules and Regulations have been adopted to establish uniform practices governing non-potable water service and to define the obligations of the Company to consumers and of consumers to the Company.

It is the policy of the Company to render fully satisfactory service to all consumers and to encourage courtesy to the public by all of its employees. The Company desires to cooperate with consumers to eliminate the waste of water and, thus, minimize charges to the consumer.

Consumers are advised to obtain information from the Company on the availability of water, pressure conditions and other pertinent data to assure satisfactory service.

It is the Company's objective to deliver non-potable water to consumers at a minimum cost consistent with the Company receiving a reasonable rate of return.

SYMBOLS

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

- (C) To signify change in wording of text which may result in change in rate, rule, or condition.
- (D) To signify discontinued material, including listing, rate, rule, or condition.
- (I) To signify increase

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- (L) To signify material relocated from or to another part of tariff schedules with no change in text, rate, rule or condition.
- (N) To signify new material including listing, rate, rule or condition.
- (R) To signify reduction.
- (T) To signify change in wording of text but not change in rate, rule or condition

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**RULE I
DEFINITIONS**

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

1. The word "Company" shall mean the Olowalu Water Company, LLC, a Hawaii Limited Liability Company.
2. The word "consumer" shall mean the person or persons, firm, corporation, association, or governmental department, whether owner or tenant, whose name(s) appear on the records of the Company as the party receiving water service and responsible and liable for payment of charges to the Company.
3. The term "service connection" shall mean the main tap, pipe, fittings, and valves, from the water main to and including the meter and shut-off valve.
4. 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, including the cost of the meter.
5. The term "consumer's supply pipe" shall mean the pipe extending from the shut-off valve to the consumer's facility.
6. The word "main" or "main pipe" shall mean the Company's supply or distribution pipe to which service connections are made.
7. "Company water system" means the system owned and operated by the Company.
8. The word "subdivision" shall mean 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 resubdivision, 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 condominiums shall be included in this definition for purposes of this rule.

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9. "Notice of discontinuance" means oral or written notice to the Company by a customer that the customer wishes to discontinue service. Oral or written notice will be received only during business hours, Monday through Friday, not including holidays.

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**RULE II
GENERAL CONDITIONS**

1. Any prospective consumer whose premises are within service limits established by the Company and adjacent to a distribution main, where pressure conditions permit, may obtain water service provided that the Company has a sufficient water supply developed for agricultural irrigation use to take on new or additional service without detriment to those already served. The consumer shall be responsible for potable and non-potable water uses within its premises when required by the Company.

2. Where an extension of mains is necessary or where large quantities of water are required or a substantial investment is necessary to provide service, the consumer will be informed by the Company as to the conditions and charges to be made for the particular area and situation in question before water service may be approved.

3. All water supplied by the Company will be measured by means of suitable meters registering in gallons. When it is impractical to meter the service, a flat rate may be charged. The amounts to be paid for water and water service shall be in accordance with the rates on file with the Public Utilities Commission of the State of Hawaii. 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.

4. The Company shall provide services in the areas listed and identified on the map attached as Exhibit A

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RULE III
**CONSERVATION MEASURES AND INTERRUPTION
OF WATER SUPPLY**

1. The Company will exercise reasonable diligence and care to deliver an adequate supply of water to the consumer, to avoid shortages or interruptions in water service and to maintain adequate pressure in its water mains. It will not be liable for any interruption, shortage, insufficiency of supply, lack of or excessive water pressure, or for termination of water service without notice for conservation measures and for other reasons deemed necessary and proper.

The Company will not be liable for temporary colored or turbid water conditions caused by emergency repair of water mains and other circumstances or acts of God beyond the Company's control.

2. 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. In determining the priorities in restricting the use of water, the health and safety of the public shall be given first consideration over other uses.

3. Except in cases of emergency repairs, the Company shall use its best efforts to give its customers at least 24 hours notice before shutting off service. The Company will not be responsible or 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 devices necessary for the protection of plumbing or equipment against failure of the pressure or supply of water in the Company's mains. 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 consumer.

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**RULE IV
ELEVATION AGREEMENT, PRESSURE CONDITIONS**

1. Where property is situated at such an elevation that it cannot be assured of a dependable supply or of adequate service from the Company's distribution system, the consumer, in consideration of connection with the Company's system, must agree to accept such water service as the Company is able to render from its existing facilities, or to install if necessary and maintain at the consumer's expense a tank and pump of suitable design and of sufficient capacity to furnish an adequate and dependable supply of water. The Company shall make every effort to maintain pressure in its water mains, but shall not accept responsibility for failing to maintain pressure or accept any liability for any loss due to lack of pressure. The consumer shall execute a written release in favor of the Company for all claims on account of any inadequacy in the Company's system or inadequacy of water supply to the consumer.

2. When the pressure of the Company's 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 caused by or arising from the failure or defective condition of such pressure regulators and relief valves or for damage that may occur through the installation, maintenance, or use of such equipment.

3. When required by the Company the consumer shall install an air gap or other protective devices between the consumer's supply pipe and the service connection.

4. The Company will not accept responsibility to maintain pressure in its water mains.

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**RULE V
APPLICATION FOR WATER SERVICE AND
SERVICE CONNECTION**

1. Each prospective consumer may be required to sign the standard application form for the water service desired, assuming responsibility for the payment of future charges for water service at the designated location, before water is turned on for any use whatever. The consumer signing the application form shall be held liable for the payment of all charges for Service at the designated location.

2. Service may be granted only to property owners or to those having leases with at least a one-year term. Service may be provided to tenants of any lessee or owner if the lessee or owner will guarantee the tenant's service charges. If a tenant is responsible to pay water bills rendered, and fails to pay the water bills, the landlord who co-signed the application for service, 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.

3. Charges will begin when the water service is established and will continue until notification to stop is received from the consumer, or until discontinuation by the Company for failure of the consumer to comply with the Rules and Regulations.

4. When an application for water service is made by a consumer who was responsible for and failed to pay all bills previously rendered, regardless of location or time incurred, the Company may refuse to furnish water 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 consumer and interest accrued at the current business savings account rate offered by the bank in which the funds are deposited. Deposit with interest shall be refunded within 30 days after final bill is paid or after twelve (12) months of timely payment, whichever comes first.

5. A consumer taking possession of property and using water without having made an application for the transfer of water service shall be held liable for the water delivered from the date of the

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last recorded meter reading. If proper application for transfer is not made, and accumulated bills for water service is not paid upon presentation, the water service may be discontinued five days after written notice is given to the user.

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**RULE VI
CONNECTIONS AND CUT-OFFS**

1. Installation. 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. There shall be one meter for each service connection 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. All meters shall be installed in locations selected by the Company. The stop-cock valve, before the meter, is installed for the sole use of employees of the Company. 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.

2. Deposit. A deposit at least equal to the Company's estimate of the cost of the service connection may 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. Installation cost shall be based on the cost of installation as established by the Company. In the event that a meter box is required, the consumer shall be responsible for construction of the meter box in accordance with the Company's standards.

3. Consumer's Supply Pipe. The consumer shall install and connect at his expense his supply pipe to the shut-off valve installed by the Company. The consumer's supply pipe 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 before the service connection is set, the Company will not be responsible for the connection to it.

4. Connection to the Main. Only employees of the Company will be allowed to connect or disconnect the service connection to or from the Company's main.

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5. Compensation. Employees of the Company are strictly forbidden to demand or accept personal compensation for services rendered.
6. Pipe Through Wall. Where the applicant requires his supply pipe extended through a wall, he shall provide the entranceway through such wall and be responsible for the service connection. The Company will not be responsible for any damage caused by leakage through or inside such entranceway.
7. Location of Service Connection or Main. The Company will determine the location and size of all service connections to its systems. No service connection or water 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 water service to property fronting on such private roads, lanes, etc., must extend his supply pipe to the nearest public street on which a main exists.
8. Change in Location or Size of Service. When the proper size of a 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 is concerned. If the consumer subsequently desires a change in size of the service connection or a change in the location thereof, he shall bear all costs of such change.
9. 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 paid for by the consumer.
10. Alteration to Water System. All work and materials in connection with the change in location or elevation of any part of the existing water system made necessary by the new service connection shall be at the expense of the applicant.

11. Contours or Elevations. When required by the Company, contours or elevations shall be furnished by the applicant, based upon United States Coast and Geodetic Survey ("U.S.C.G.S.") or County of Maui data.

12. Size of Meter or Service Connection. The Company will determine the location and size of all meters and service connections to its system.

13. Number of Meters. The Company will provide service to one meter per lot. Sharing of meters between lots is not permitted.

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RULE VII
METER READING, RENDERING OF BILLS AND PAYMENT OF BILLS

1. All water supplied by the Company will be measured by means of suitable meters registering in gallons.
2. Meters are read and bills are rendered monthly or bimonthly at the option of the Company. Special readings will be made, when necessary, for closing accounts or for other reasons.
3. Readings of separate meters are not combined. 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.
4. All bills shall be due and payable upon deposit in the United States mail, receipt by the consumer, or other presentation to the consumer. Payment shall be made at the office of the Company or, at the Company's option, to duly authorized collectors of the Company. If any bill is not paid within thirty (30) days after presentation or deposit in the United States mail, the water service shall be subject to discontinuance without further notice.
5. In all cases of nonpayment of water rates for thirty (30) days after due date, there shall be added twelve percent (12%) per annum in addition to the regular rate as the amount due and payable by said privilege holder.
 - (a) Privilege holders who become delinquent and cause their water to be cut off shall pay a charge of One Hundred and No/100 Dollars (\$100) to cover costs of cutting off and turning on water before service will be resumed.
6. The consumer 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

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adjustments to the bill within twenty (20) days of its receipt of the written dispute. The consumer may pay the disputed bill under protest within the time required by this rule to avoid discontinuation of service, in which event the dispute will be submitted to the Hawaii Public Utilities Commission, at 465 South King Street; Kekuaanoa Building, Room 103; Honolulu, Hawaii 96813; Telephone No. (808) 586-2020, for final determination.

7. If a meter fails to register due to any cause except the non-use of water, an average bill for a period of up to one (1) year may be rendered. Such average bill will be subject to equitable adjustment taking into account all reasonable factors before, during, and after the period of said bill.

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**RULE VIII
METER TESTS AND ADJUSTMENTS OF BILLS FOR METER ACCURACY**

1. 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 if the meter is inaccurate. The consumer will be charged the actual costs connected with such test if the meter is accurate within range of plus or minus five percent (5%).

2. If, as a result of the test, the meter is found to register more than five percent (5%) 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 (6) 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.

If, as a result of the test, the meter is found to register more than five percent (5%) slow under conditions of normal operation, the Company will bill the consumer the undercharge based on past consumption, for a period not exceeding six (6) months, unless it can be proven 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.

3. The consumer will be responsible for maintenance and repairs to pipes and fixtures on the consumer's side of the meter.

**RULE IX
TERMINATION OF SERVICE AND DISCONNECTION**

1. Each consumer about to vacate any premises supplied with water by the Company shall give fifteen (15) days' written notice of his intention to vacate prior thereto, specifying the date service is desired to be discontinued; otherwise the consumer shall be held responsible for all water service furnished to such premises until the Company has received such written notice of discontinuance. Before any buildings are demolished, the Company should be notified so the service connection can be closed.
2. Closing bills will ordinarily be determined by measuring the amount of water used since the last bill, as indicated by the meter reading, and adding a pro-rated service charge. In pro-rating service charges, a billing month will be considered as 30 days. If a meter cannot be read, an estimated billing will be rendered.
3. Water service may be discontinued for non-payment of a bill within sixty (60) days after the mailing or presentation thereof to the consumer.
4. If the consumer fails to comply with any of these Rules and Regulations, or tampers with the service facilities of the Company, the Company will have the right to discontinue the service.
5. The Company may refuse to grant service or may discontinue existing water service to any premises to protect itself against fraud, abuse or unauthorized use of water.
6. 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) days after giving the consumer written notice of intent to do so.
7. The Company may refuse to furnish water, and may discontinue the service to any premises, where the demands of the consumer will result in inadequate 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 water system or its service to other consumers, a consumer shall be given at least five (5) days written notice prior to termination of service, and the consumer's service shall not be discontinued on the day preceding or days on which the Company's business office is closed.

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9. The Company may assess a penalty of Fifty and No/100 Dollars (\$50.00) on any customer in lieu of discontinuance of service. Each day in which a violation occurs shall be considered a separate violation and upon five (5) successive days of violation, service will be discontinued in addition to the monetary penalties assessed. Any change in ownership or occupancy shall not be cause for reducing or eliminating these penalties.

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**RULE X
RESTORATION OF WATER SERVICE**

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

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RULE XI

INGRESS TO AND EGRESS FROM CONSUMER'S PREMISES

Any officer or employee of the Company shall have the right of ingress to and egress from the consumer's premises at all reasonable hours for purposes reasonably connected with the furnishing of water 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 water to be turned off from said premises after giving twenty-four (24) hours written notice to the owner or occupant of said premises of its intention to do so, except that if the Company's business office is closed (for weekend, holiday, or over night) at the time the 24-hour period expires, shut-off will not occur until any earlier than 10:00a.m. on the morning that Company's business office is next open.

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**RULE XII
RESPONSIBILITY FOR WATER RECEIVING EQUIPMENT**

1. 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. 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 of any of his tenants, agents, employees, contractors, licensees or permittees in installing, maintaining, using, operating or interfering with any such equipment.

2. 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 Company's 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.

3. The Company will not be responsible, and the consumer will be responsible, for water damage or other damage to property caused by spigots, faucets, valves and other equipment that may be open when water is turned on at the meter, whether this occurs at the time of first installation or after a temporary shutdown.

4. All equipment belonging to the Company and installed upon the customer's premises for measurement, test, check or any other purpose, shall continue to be the property of the Company, and may be repaired, replaced or removed by the Company at any time without the consent of the customer. The Company shall make reasonable efforts to notify the customer of any necessary repairs. The customer shall exercise reasonable care to prevent damage to meters and other equipment of the Company upon said premises and shall in no way interfere with the operation of the same.

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**RULE XIII
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.

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**RULE XIV
ELECTRICAL GROUNDING**

1. No Protective grounding of alternating current secondary distribution circuits made to the water system shall be permitted.
2. No grounding of direct current system to any portion of the water system shall be permitted.
3. The Company does not maintain a continuous metallic water piping system and disavows any liability to public utility electric companies, electric consumers, or any other agency or individual to maintain or operate such a system.

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RULE XV
CONSUMER'S PUMPING INSTALLATIONS

1. Consumers shall not be permitted to install or operate pumps pumping water directly from the mains of the Company's system except in cases approved in writing by the Company. No such approval will be given in cases where it is the opinion of the Company that such an installation and the operation thereof may adversely affect the water service extended by the Company to other consumers.
2. Approvals given by the Company under this section will be qualified by clauses making them revocable upon thirty (30) days' written notice during which period the consumer, if he desires to continue the operation of the pump, shall eliminate the objectionable features causing the giving of such written notice.
3. No pump shall be equipped with a direct water supply connection for priming purposes except with the written permission of the Company.

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RULE XVI
BEST MANAGEMENT PRACTICES

1. General Overview of Service:

(a) It is the Company's goal to provide nonpotable (irrigation) water to consumers.

The Company recognizes that nonpotable water is a valuable resource to owners of agriculturally zoned land, and shall strive to promote conservation and wise use of nonpotable water.

(b) All consumers will receive a copy of the Company's Best Management Practices Manual (for Distribution of Nonpotable Water System) (the "Manual"). Additionally, copies of the Manual shall be kept on file in the offices of the Company at 173 Ho'ohana Street, Suite 201; Kahului, Maui, Hawaii 96732. The Company shall make all reasonable effort to keep the Manual current. The Manual is subject to change at any time by the Company.

(c) The consumer's lots will be served by a nonpotable water distribution system **for irrigation purposes only and not for consumer consumption**. The Company has contracted with the National Testing Laboratories, Ltd., a water consulting firm, to perform a Drinking Water Analysis of Olowalu Stream, the source of the nonpotable water for the Company. The results of the Analysis warn the presence of E-Coli within the sample. The Analysis confirms the general knowledge in Hawaii that stream water may contain contaminates and people should not drink untreated surface stream water. Additionally, there could be other contaminates in the water or the Company's Water System that were not tested for, and which may cause illness or possibly death.

(d) Although the historic stream flow of Olowalu Stream points to adequate supply of nonpotable water, the Company does not guarantee the availability of the nonpotable water in the future.

(e) No consumers will be served by the nonpotable water system until the water mains and laterals for the service area are completed and connected to the central source and supply of nonpotable water.

(f) Use of the nonpotable water system is for irrigation and other nonpotable water uses only. **It is very important that users of the nonpotable water system understand the potential dangers of misuses of the nonpotable water system.** Nonpotable water is not fit for human consumption. A system constructed for the use of nonpotable water on private property must be designed to absolutely eliminate the possibility of unintentional human consumption.

(g) All consumers must ensure that no cross connections between the potable and nonpotable water lines occur on private lands.

(h) Reduced-pressure backflow preventers installed directly after meters at the street edge of the service property will be required on both the potable and nonpotable system.

(i) The Company reserves its right to inspect the nonpotable system installed on private lots. Inspections may include the following: checking backflow preventers, the use of color-coded equipment, separation of potable and nonpotable systems, and the type of nonpotable systems used.

(j) All consumers will be required to pay a one-time charge for the installation of an irrigation water meter. The charge will vary according to the size of the meter requested by the customer.

2. Guidelines For Use of Irrigation Water - Infrastructure in Distribution System

(a) Top of Pipe. The top of the pipe will be a minimum of thirty-six inches (36") below the finished street grade.

(b) Crossed Lines. Nonpotable water lines will cross a minimum of one foot (1') below potable water lines (i.e., minimum 12-inch clearance between bottom of potable water line and top of nonpotable water line).

(c) Drain Assembly. Either an in-line type or end-of-line type blow-off or drain assembly will be installed.

(d) Storage Facilities. All storage facilities will be identified by signs containing the words,

CAUTION: NONPOTABLE WATER – DO NOT DRINK

- or -

CAUTION: RECLAIMED WATER – DO NOT DRINK.

The signs will include the universal symbol for “do not drink,” and will have a purple background (Pantone 512) with high-contrast color lettering.

(e) Warning Signs and Labels. Where nonpotable water is used for recreational impoundments, warning signs will be installed to notify that the water in the impoundment is unsafe to drink. A detailed plan will be prepared showing placement and spacing of the proposed signs. Where nonpotable water is used for irrigation, warning signs will be installed. As a minimum, warning signs will contain half-inch (½”) black or white letters on a purple (Pantone 512) background notifying the public that the water is unsafe to drink.

Warning signs and labels will read,

CAUTION: NONPOTABLE WATER – DO NOT DRINK

- or -

CAUTION: RECLAIMED WATER – DO NOT DRINK.

The signs will include the universal symbol for “do not drink.”

(f) Identifying Marks.

(i) *Buried Nonpotable Distribution Piping.* All buried distribution piping in the nonpotable water system, including service lines, valves and other appurtenances will either be colored purple (Pantone 522) and embossed, or will be integrally stamped/marked,

CAUTION: NONPOTABLE WATER – DO NOT DRINK,

- or -

CAUTION: RECLAIMED WATER – DO NOT DRINK,

- or -

be installed with a purple identification tape or a purple polyethylene vinyl wrap (color to be Pantone 522).

(ii) *Identification Tape.* Identification tape will be prepared with white or black printing on a purple field (color to be Pantone 512) having the words,

CAUTION: NONPOTABLE WATER – DO NOT DRINK

- or -

CAUTION: RECLAIMED WATER – DO NOT DRINK.

The overall width of the tape will be at least three inches (3”).

(g) Specific Provisions. Some restrictions are placed on the operation of nonpotable water systems as a matter of good practice and to protect public health.

(i) *Runoff Conditions.* Conditions that directly or indirectly cause a runoff outside of the approved use area are prohibited.

(ii) *Ponding Conditions.* Conditions that directly or indirectly cause ponding outside of or within the approved use area are prohibited.

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(iii) *Overspray Conditions.* Conditions that directly or indirectly permit windblown spray or overspray to pass outside of the approved use are prohibited.

(iv) *Cross-Connection.* Cross-connections resulting from the use of a nonpotable water service, whether by design, construction practice, or system operations, shall be prohibited.

(v) *Hose Bibbs.* Hose bibbs on nonpotable water systems will be prohibited.

3. Nonpotable Water Systems on Private Lands

(a) *Hose Bibbs.* Hose bibbs will not be allowed on nonpotable irrigation systems.

(b) *Cross Connection.* Separation of the potable and nonpotable systems shall be maintained to prevent cross connection.

(c) *Color-Coded Equipment.* All meters, meter covers, valves, valve boxes, and pop-up heads installed in a nonpotable irrigation system shall be color-coded purple (Pantone 512) so as to differentiate the nonpotable from the potable water systems.

(d) *Hoses.* No hoses will be allowed to hook up to the nonpotable irrigation water system.

(e) *Backflow Protection.* Backflow protection with an approved air gap (HG) will be required on all potable and nonpotable systems. Backflow preventers shall be installed immediately after the meter at the street edge of the serviced property.

(f) *Maintenance of System and Inspection.* It is the responsibility of the individual property owner to ensure that all best practices are observed in the installation and operation of the nonpotable water system. The nonpotable irrigation water system installed on private lots may be inspected by the Company at any time.

4. Violation of Rules and Regulations will result in disconnection of service.

The Company may shut off water immediately and disconnect service when it believes any lot owner is not abiding by the rules contained in its Best Management Practices Manual, or in any way risking the health of system users. All owners must be sure all tenants and people that are using the land are made aware of the risks of the dual water system to ensure the nonpotable water is not consumed by humans.

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RULE XVII

**CROSS-CONNECTIONS, BACKFLOW PROTECTION, AND
IRRIGATION SYSTEM ANTI-SIPHON VALVES**

1. As a protection to the customer's piping system a suitable pressure relief valve must be installed and maintained by him at his expense when backflow devices are installed on the customer's side of the meter.
2. 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 irrigation 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 the customer at least once every four months and inspected internally not less than once annually by the customer. Repairs, replacement of parts, etc., shall be made whenever necessary at the expense of the customer. Making of tests and annual inspections shall be the responsibility of the customer and shall be made by the customer or other qualified person or persons in accordance with methods acceptable to the Company. The customer is requested to maintain a log of tests and inspections made. 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 customer 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 customer.

3. The several conditions relative to the installation and maintenance of cross-connections and other physical connection referred to in this Section shall be subject to change to meet changing requirements of the State and Federal health authorities and of the County Building Code.

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RULE XVIII
RESALE OF WATER

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

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RULE XIX
REQUIREMENTS FOR SUBDIVISION WATER SYSTEMS

1. Extensions or Connections. Extensions or connections of the water system from the subdivision to the public water system shall be approved by the Company upon determination of the point of adequacy, provided that the Company has a sufficient water supply developed for irrigation purposes to take on new or additional service without detriment to those already served and 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 and the standards of the Company.

2. Reservoirs.

(a) Subdividers shall install and pay for storage tanks, appurtenances, and pipeline from the tank site to the subdivision proper in accordance with the Company standards or as approved by the Company. Storage tanks with a capacity of 100,000 gallons and over shall be constructed to Company standards.

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 per lot for agricultural districts.

(b) Tank site lots, access road and pipeline easements shall be dedicated to the Company at the time of final subdivision approval.

(c) Whenever the subdivider is required to install a reservoir, together with appurtenances of greater capacity than is necessary to serve his subdivision, the Company may make a lump sum reimbursement to the subdivider of the difference in cost, excluding the cost of appurtenances, of such larger reservoir and the reservoir that would otherwise have been required; provided, however, that no reimbursement shall be made where such larger reservoir shall serve only areas of land under the same ownership as the subdivision in question.

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3. Water Mains and Appurtenances.

(a) The subdivider shall install, in accordance with these rules and regulations and the standards of the Company, 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 irrigation under peak consumption conditions

(i) 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
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.

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

4. 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 to other property, the Company will require the installation of larger size main.

(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 installations of larger size mains.

(c) Reimbursement for Additional Costs Mains. When the subdivider is required to install a larger size main for the reasons set forth in the preceding paragraph, the Company may reimburse the subdivider, as soon as practicable after the acceptance by the Company of the completed work, the additional costs of the installation over and above the cost of the mains that would have been required; provided, however, that in no case shall reimbursement be made for any portion of the cost of a main less than six-inch size in agricultural and rural areas; provided, further, that reimbursement shall not be made to the subdivider where such larger main or mains will service only areas under the same ownership as the subdivision under construction.

Before the subdivider enters into a contract where a reimbursement to the subdivider for additional cost of the main to subdivision shall be made, the Company shall review and either approve or reject said contract. Prior to the installation of the larger size water main, the subdivider may enter into an agreement with the Company.

5. Water Main Extension.

If the Company's facilities in the area are inadequate, or where facilities are not readily available to serve a subdivision, the subdivider must extend a water main from the nearest adequate facility. The water main so constructed, connecting the subdivision water system to the nearest point of adequacy of the Company water system, is termed a main extension.

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6. Laterals, Dead-Ends, Alterations to Public 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 paragraph 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 and supervised by the Company, or as agreed upon with the Company.

(b) Dead-Ends. Where 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. Clean-outs, blowoffs, or air valve assemblies shall be installed as required by the Company.

(c) Alterations to Company System.

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

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

7. Preparation of Plans, Information on Plans, Approval of Plans, Delays in Construction.

(a) All Construction plans governing water system shall be prepared by a registered engineer to the extent of his professional qualifications under the laws of the State and shall include a certification of compliance with these Rules and Regulations. Preliminary maps and final maps of subdivisions to be reviewed by the Company shall fully conform to the requirements of these Rules and - Regulations.

(b) The construction plans, insofar as the water system is concerned, shall show the following on standard 22" x 36-1/2" with a 1/4" border size sheet or sheets:

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

(ii) Date, north arrow, scale, tax key.

(iii) The proposed subdivision water system, complete in both plan and profile, and its interrelationship 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.

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

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

(vi) 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.

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

(viii) 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 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 two (2) sets of as-built drawings and specifications, a set of vellum drawing, and the drawings on diskette 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 water facilities, after approval of plans and specifications by the Company, the plans and specifications thereof shall be resubmitted to the Company for review and for making such changes as it deems proper because of changed conditions or revision of standards.

8. Subdivision Elevation Agreement.

(a) Whenever a lot or lots within a subdivision are at such an elevation that they cannot be assured of a dependable water supply, the approval of the construction drawings shall be subject to each owner of such lot or lots signing an "elevation agreement" whereby such lot owner agrees to accept such water service as the Company is able to render, and such owners agree to construct and maintain at his expense a tank, a pump with a tank, or other appurtenances as may be in accordance with the standards and requirements of the Company and which shall be of sufficient capacity to furnish a supply of water at such times as the pressure in the water mains may be inadequate.

(b) Any subdivision for which elevation agreements have been signed may be permitted to connect to the Company water system while at the same time maintaining its own private subdivision water system pursuant to the requirements, conditions, and specifications of the Company.

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(c) Any such agreement shall be recorded with the State of Hawaii's Bureau of Conveyances.

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 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 public water system shall be in accordance with the requirements of the State Department of Health and all applicable laws.

(b) Installation of Water Service. No water service shall be approved, except a service for subdivision construction purposes, until the subdivision water system has been completed and accepted by the Company and all the improvements required by these rules and regulations have been completed, and subject to approval by appropriate county agencies.

(c) Inspection of Work. The Company shall have free access at all times to all installations made for the subdivision and shall be given any assistance required, 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.

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

10. Ownership of Installed Water System. As a condition precedent to connecting the subdivision water system to the Company water system, unless otherwise specified in these regulations, the subdivider shall convey the subdivision water system to the Company by letter, 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 prerequisite to such service, the subdivider shall deliver to the Company perpetual easements for all portions of the subdivision water system installed in other than Company-owned property. 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.

In areas where there is no Company water supply available to serve the development, plans and specifications for providing water sources, including wells, tunnels, shafts, pumps, buildings, mains, and other appurtenant structures and devices, shall be in conformance with the standards of the Company, and shall be approved by the Company in their entirety prior to construction. The Company shall be reimbursed for all reasonable costs and expenses incurred by the Company in its review of the plans and specifications. The plans and specification shall be approved by the Department of Health, State of Hawaii, as required.

11. Modification of Requirements. When conditions pertaining to any subdivision are such that the consumer may be properly served with water without full and strict compliance with these Rules and Regulations, or where the subdivision site or layout is such that the consumer's interest will be adequately protected, such modification thereof as is reasonably necessary or expedient, and not contrary to law or the intent and purpose of these Rules and Regulation, may be made by the Company.

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The Company retains the right to modify any requirement, provided that the modification will in no way jeopardize those already served in the area.

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RULE XX

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.

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Schedule of Rates

Water Service Rate:

Rate	Usage/Month
\$0.76	Per Thousand Gallons
\$0.38 (for a period of one year term, with the possibility of extensions)	Bulk Users (over 1,000,000 Gallons Per Month or owner/lessee of at least 50 acres in the Company's service area)

Standby Charge:

Charge/Month	Meter Size
\$15	1"
\$17	1 1/2"
\$20	2"
\$25	3"
\$27	4"
\$29	6"
\$35	Over 6"

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