

LANAI WATER COMPANY, INC.

RULES AND REGULATIONS

COVERING THE SUPPLY OF

POTABLE WATER TO CONSUMERS

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CHECKLIST SHEET

<u>Sheet</u>	<u>Revision</u>
1	First
2	First
3	First
3A	Original
3B	Original
4	First
5	Original
6	Original
7	Original
8	Original
9	First
10	Original
11	First
12	Original
13	Original
14	Original
15	Original
16	Original
17	First
17A	Original
17B	Original
18	Original

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By: Garret Tokuda
Senior Vice President – Finance & Treasurer

FOREWORD

These Rules and Regulations have been adopted to establish uniform practices governing Potable Water Service and to define the obligations of the Company to Consumer and of Consumers to the Company.

It is the policy of the Company to render adequate and satisfactory service to all Consumers and encourage courtesy to the public by all its employees.

The Company's service area on the island of Lana'i, Hawaii, as shown on the map attached hereto as EXHIBIT B.

SYMBOLS

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

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

RULE 1 DEFINITIONS

For the purpose of these Rules and Regulations, the following words and terms as used herein shall mean:

1. The word “Agricultural Activities” shall mean uses of water by a Consumer for a commercial agricultural, silvicultural, or aquacultural facility or pursuit conducted, in whole or in part, including the care and production of livestock and livestock products, poultry and poultry products, apiary products, and plant and animal production for nonfood uses; the planting, cultivating, harvesting, and processing of crops; and the farming or ranching of any plant or animal species in a controlled salt, brackish, or freshwater environment. “Agricultural Activities” does not include canneries, mills, markets or establishments engaged in the conversion, treatment or packaging of agricultural products or similar activities, or the incorporation of plants with commercial value into the domestic landscaping.

2. The term “Agricultural Potable Water Rate” shall mean the rate as set forth in EXHIBIT A applicable to a Consumer who applies and qualifies to receive such rate subject to the criteria set forth herein. A Consumer must apply to the Company in a form prescribed by the Company requesting the “Agricultural Potable Water Rate”. This form will require, among other things, that the Consumer sign and certify that the Consumer’s property located within the Company’s authorized service area as set forth in EXHIBIT B is being or will be used and engaged in Agricultural Activities, as defined in Rule 1. In Addition, the Consumer must also satisfy all of the following requirements:

- a. The Consumer must provide the Company with a copy of the State of Hawaii, Department of Taxation Form G-45, General Excise/Use Tax Return, Form G-49, Annual Return & Reconciliation, sales receipts and/or other forms/verification as approved by the Company demonstrating to the Company’s satisfaction that the Consumer is or will be engaged in Agricultural Activities, as defined in Rule 1, and that these activities are commercially viable. For purposes of this paragraph, “commercially viable” means, at the very minimum, that the total gross revenues derived from the uses of the water for Agricultural Activities at the property/meter in question are or can be reasonably demonstrated at full establishment of the Agricultural Activity to be at least \$1,000 per year, averaged over the last three (3) years.

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- b. The Consumer must submit to the Company a written verification (including maps, drawings, or plans) demonstrating to the Company's satisfaction that the Consumer's commercial agricultural irrigation system is or will be used solely for Agricultural Activities, and is distinct and separate from the Consumer's domestic/landscaping systems and uses. For purposes of this rule, "domestic/landscaping systems" mean systems used for activities other than for Agricultural Activities as defined in Rule 1.
- c. The commercial agricultural irrigation system shall be separately metered.
- d. The Consumer must demonstrate that a minimum of 50% of the total usable area of the lot or 1.5 acres, whichever is less, shall be used for Agricultural Activities. Usable area shall include areas that are less than 15% in grade and are not subject to any drainage easements.

3. The term "Agricultural Potable Water Rate Verification" shall mean one or more procedures as may be used by the Company to determine whether a Consumer is qualified to receive or to continue to receive the Agricultural Potable Water Rate. A Consumer engaged in Agricultural Activities and already qualified by the Company to obtain the Agricultural Potable Water Rate described above in Section 2 shall no later than June 30 of each year provide the Company with a written update verifying that the Consumer continues to satisfy the criteria set forth in Section 2. In addition, the Consumer may be subject to periodic inspection(s) and/or inquiry(ies) (including, without limitation, requests for updates to the information provided by the Consumer in the initial application submitted under Section 2 above) by the Company. If the Consumer fails to timely provide a written update by June 30 of each year or the Company determines, after further inspection(s) and/or inquiry(ies), that the Consumer no longer qualifies for the Agricultural Potable Water Rate based on the criteria set forth in Section 2, the Company shall provide the Consumer at least thirty (30) days' written notice describing, at the very minimum, (1) the reason(s) for the disqualification, (2) that the Company will be terminating providing the Consumer water service under the Agricultural Potable Water Rate, and (3) that it will begin charging the Consumer in its next monthly billing cycle for potable water delivered via the Consumer's commercial agricultural irrigation system based on the currently effective Non-Agricultural Monthly Water Charge as set forth in EXHIBIT A. In the case where the Consumer disputes the Company's determination set forth in the Company's written notice, the Consumer shall have ten (10) days from the date of the Company's written notice to re-submit a new application in the form prescribed in Section 2 verifying that the Consumer continues to comply with the criteria set forth in Section 2 above. If the Consumer does not re-submit a new application within the ten (10) day period noted above, the application is automatically deemed "denied" by the Company. If the Consumer continues to be dissatisfied with the Company's action(s) in connection with this section, the Consumer may file either an informal or formal complaint with the Hawaii Public Utilities Commission, pursuant to Hawaii Administrative Rules Chapter 16-601.

4. The word “Company” shall mean the LANAI WATER COMPANY, INC., a Hawaii corporation.

5. “Company Water System” means the network of pipelines, pumps, and other appurtenances which furnish a supply of water to the consumer and which is owned, operated, and maintained by the Company.

6. The word “Consumer” shall mean the person, firm, corporation, association, or governmental department, 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.

7. The term “Consumer’s Supply Pipe” shall mean the pipe extending from the consumer’s end of the “Service Connection”.

8. The term “Cost of Service Connection” shall mean the sum of the cost of the labor, materials, meter box, 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.

9. The words “Dwelling Unit” shall mean 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.

10. The word “Irrigation” shall mean the use of water for agricultural purposes within the service area.

11. The word “Main” or “Main Pipe” shall mean the Company’s supply or distribution pipe from which service connections are made.

12. The words “Point of Adequacy” shall mean 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 meet the fire flow, domestic, and irrigation demands for water without detriment to the existing consumers.

13. The word “Run” shall mean the distance of the water main and appurtenances to be installed from the point of adequacy to the point in question.

14. The term “Service Connection” shall mean the main tap, pipe, fittings, and valves and appurtenances, from the water main to and including the meter.

RULE 2 GENERAL CONDITIONS

1. Any prospective Consumer whose premises are within the service areas listed and identified in paragraph 4 of this rule and which are adjacent to a distributing main, may obtain water service upon determination of the point of adequacy by the Company; provided that the Company has a sufficient water supply developed for fire protection, domestic and irrigation purposes, as well as non-potable requirements to take on new or additional service without detriment to those already served and provided that the Consumer otherwise agrees to abide by these rules and regulations.

2. 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.

3. Where an extension of mains is necessary or where large quantities of water are required or a substantial investment is necessary to provide service, before water service may 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, as on file with the Public Utilities Commission of the State of Hawaii, such that water can be delivered in adequate quantities and pressures for domestic and irrigation uses under peak conditions and for adequate fire protection.

4. The Company shall provide services generally within the areas on the island of Lanai as shown on the map attached as EXHIBIT B.

5. The Company shall not be obligated to provide service to an applicant for service until the applicant for service has paid, in full, the applicable contribution in aid of construction provided for in the Company's rate schedules.

RULE 3
**CONSERVATION MEASURES, INTERRUPTION OF WATER SUPPLY,
SUITABILITY OF WATER SUPPLY, AND PRESSURE CONDITIONS**

1. 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 water service, but will not be liable for any interruption, shortage, insufficiency of supply, lack of pressure, or any loss or damage occasioned thereby.

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.

3. The Company reserves the right at any and all times to shut out water from the mains without notice for the purpose of making repairs, extensions, alterations, or for other reasons. 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 fixtures 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.

4. 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.

RULE 4
APPLICATION FOR WATER SERVICE AND SERVICE CONDITION

1. Each prospective consumer will be required to sign and mail to the Company 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 person signing the application form shall be liable for the payment of all charges for water and water service at the designated location.

Service may be granted only to property owners or to those tenants of any owner 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 charge and co-sign the application for water service.

If a tenant 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 service until the outstanding bills are paid.

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Senior Vice President – Finance & Treasurer

2. Charges will begin when the water service is established and will continue until due notification from the consumer or until discontinued by the Company for failure of the consumer to comply with the Rules and Regulations.

3. When an application for water service is made by a consumer who was responsible for and failed to pay all bills previously rendered by the Company, the Company may refuse to furnish water service to such applicant until the outstanding bills are paid.

4. A person taking possession of property and using water without having made application to the Company for water serve to such property, shall be held liable for the water delivered from the date of the last recorded meter reading.If property application for water service is not made upon notification to do so by the Company and if accumulated bills for water service are not paid upon presentation, the water service shall be subject to discontinuance without further notice.

5. A consumer, prior to making any material change in the size, character, or extent of the equipment or operations for which the Company's service is utilized, shall give the Company written notice of the extent and nature of the change not less than 10 days before the change is made.

RULE 5
ESTABLISHMENT AND REESTABLISHMENT OF
CREDITS AND DEPOSITS

A. ESTABLISHMENT OF CREDIT. Each applicant for service will be required to establish credit in one of the following ways before service will be rendered:

1. Establish a record of prompt payment for service for twelve (12) consecutive months without having been disconnected for nonpayment during such period.
2. Have a substantial equity in the premises to be served, or in other real estate located within the Company's area of service of substantial value in relation to charges for service to be rendered.
3. Furnish a guarantor satisfactory to the Company to secure payment of bills for the service requested.
4. Make a cash deposit to secure payment of bills for service to be furnished by the Company, as provided in paragraph C of this rule.

B. REESTABLISHMENT OF CREDIT.

1. An applicant who previously has been a consumer of the company and whose service has been discontinued for nonpayment of bills shall be required, before service is rendered, to pay all amounts owing to the Company and to establish credit as provided in paragraph A of this rule.
2. A consumer may be required to reestablish his credit in the manner prescribed in paragraph A of this rule in case the basis on which credit was originally established has materially changed.

C. DEPOSITS. The amount of the deposit required under this rule shall be \$50.00.

RULE 6
CONNECTIONS AND CUT-OFFS

1. INSTALLATION. When the application for a service connection and water service has been approved by the Company, such connection will be installed by the applicant, unless the Company directs otherwise, and 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, requires installation of two or more meters in parallel. All meters will be sealed before installation and no seal shall be altered or broken except by one of the Company's authorized agents, employees, or representatives. Before water service is provided through the new service connection, inspection and approval of the service connection by an authorized agent, employee, or representative of the Company is required.

2. CONNECTION CHARGE. In all cases where the service connection is to be installed by the applicant, a charge equal to the Company's estimate of the cost of inspection of the service connection and the sealed meter, but in no case less than \$25.00, will be paid by the applicant to the Company before the connection is installed. If the actual cost of inspection is in excess of the payment, the applicant will be billed and shall pay for the difference. In all cases where the Company elects to install the service connection, a charge equal to the "Contribution for tap-in" charge set forth in the Company's rate schedule will be paid by the applicant before the connection is installed. If the actual cost is in excess of the payment, the applicant will be billed and shall pay for the difference. If the actual cost is less than the payment, the applicant will be refunded the difference.

3. CONSUMER'S SUPPLY PIPE. The consumer shall install at his own expense and shall connect to the Company's facilities in accordance with Paragraphs 1 and 2 of this Rule that portion of the water system for his property including his supply pipe to the service connection shut-off valve, and backflow protection devices that lie on his side of the service connection 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.

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4. CONNECTION TO MAIN. Connection or disconnection of any service connection to or from the Company's main shall be done solely pursuant to and in accordance with the written authority of the Company.

5. COMPENSATION. Employees of the Company are strictly forbidden to demand or accept personal compensation for service rendered from consumers.

6. LOCATION OF METERS. All meters shall be installed in locations approved by the Company. Consumers are prohibited from using the valve or stopcock between the main and the meter.

7. CHANGE IN LOCATION OR SIZE OF SERVICE CONNECTION. When the proper size of service connection for any premises or agricultural operation has been determined and the installation has been made, the Company has fulfilled any obligations which it may have insofar as the size of the service connection and the location thereof are concerned. 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.

8. SHUT-OFF VALVE. A readily accessible shut-off valve controlling all outlets will be installed by the consumer, unless the Company directs otherwise, and at the consumer's expense, 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 consumer, unless the Company directs otherwise, and shall be paid for by the consumer.

9. ALTERATION TO WATER SYSTEM. All work and materials in connection with the change in location or elevation or alteration of any kind to any part of the existing water system made necessary by a new service connection shall be done and furnished by the Company at the expense of the applicant.

10. SIZE OF METER AND SERVICE CONNECTION. The Company will determine the location and size of all meters and service connections to its system. The Company also reserves the right to limit the number of houses or buildings and/or the area of land to be supplied by one service connection.

11. CHANGE TO METERED SERVICE. For all applications of consumers to change from flat rate to metered service, the cost of such change shall be paid for by the applicant as provided in paragraph 2 of this rule.

12. OVERRANGING METERS. When it is determined by the Company that additional water usage within the premises has increased the flow of the water through the meter above the safe rated capacity of the meter thereby causing undue wear and tear of the meter, the Company shall require the consumer to increase the size of the meter or to install additional meter or meters at the expense of the consumer.

RULE 7 METER READING

1. METER READING. Meters will be read and bills rendered monthly, bi-monthly, or quarterly at the option of and as determined by the Company. Special readings will be made, when necessary, for closing of accounts or for other reasons. If a meter cannot be read, an estimated bill will be rendered, said bill to be calculated whenever possible on prior consumption.

2. READINGS OF SEPARATE METERS 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 customer's supply pipe.

RULE 8 PAYMENT OF BILLS

1. BILLS. All bills shall be due and payable within 30 days after deposit in the United States mail or 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. Any bill which is not paid within 30 days after deposit in the United States mail or presentation to the consumer shall be deemed delinquent, and the water service shall be subject to discontinuance without further notice.

2. LATE PAYMENT CHARGE. In case charges are not paid prior to the due date, there shall be added as a late payment charge an amount equal to 1% per month of the delinquent balance.

3. NON-REGISTERING METERS. If a meter fails to register due to any cause except the non-use of water, an average bill may be rendered to the consumer. Such average bill will be subject to equitable adjustment taking into account all factors before, during, and after the period of said bill.

4. DISHONORED CHECKS. In the event a check or draft for payment is not honored, for any reason, the Company may impose a service fee of \$25 plus any applicable bank or financial institution charge resulting from the dishonored check. Any bill for which a check or draft 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. Should the consumer fail to make payment on the dishonored check, the Company may discontinue water service under Rule 10.1(a), with the 30-day period running from the date that the original bill was mailed or presented to the consumer. Late payment charges may also accrue pursuant to Rule 8.2.

5.

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RULE 9
METER TESTS AND ADJUSTMENT OF BILLS
FOR METER INACCURCY

1. METER TESTS. A consumer who, for any reason, doubts the accuracy of the meter servicing 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 a test if the meter is accurate within a range of plus or minus five percent.

2. ADJUSTMENT OF BILLS FOR METER INACCURACY. If, as a result of a meter test, the meter is found to register more than five percent 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 which event the overcharge shall be computed back to such date. If, as the result of a meter test, the meter is found to register more than five percent slow under conditions of normal operation, the Company will bill the consumer the undercharge based on past consumption, for a period not exceeding six months, unless it can be proved that the error was due to some cause, the date of which can be fixed, in which event the additional charge shall be computed back such date.

RULE 10 DISCONTINUANCE OF SERVICE

1. Water service may be discontinued for the reasons listed below:

(a) NONPAYMENT OF BILLS. Water service may be discontinued for nonpayment of any bill within the period prescribed in these Rules and Regulations.

(b) NONCOMPLIANCE WITH THE COMPANY'S RULES AND REGULATIONS. If the consumer fails to comply with any of these Rules and Regulations, or tampers with the service facilities of the Company, the Company reserves the right to discontinue the service within five days after written notice of intent to do so.

(c) UNAUTHORIZED USE OF WATER. The Company will refuse or discontinue water service, without notice, to protect itself against fraud, abuse, or unauthorized use of water.

(d) WASTEFUL USE OF WATER. 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 days after written notice to the consumer of intent to do so.

2. Each consumer about to vacate any premises supplied with water by the Company shall give notice of his intention to vacate prior thereto, specifying the date service should be discontinued; otherwise, he shall be held responsible for all water service furnished to such premises until the Company has received such notice of discontinuance. Before buildings are demolished, the Company shall be notified so the service connection can be closed.

RULE 11
COMPANY'S EQUIPMENT ON CONSUMER'S PREMISES

All equipment belonging 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 consumer's premises and shall in no way interfere with the operation of the same.

RULE 12
**DAMAGE AND ACCESSIBILITY TO COMPANY'S PROPERTY,
METERED DAMAGED BY HOT WATER**

1. LIABILITY FOR REPAIR COSTS. 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 such damage upon presentation of a bill therefor. Any damage to Company facilities shall be reported as soon as possible. In the event settlement for such damage is not promptly made, the Company reserves the right to discontinue water service to such premises.

2. OBSTRUCTIONS. No obstruction shall be placed on or around any water meter, fire hydrant service connection, or valve so as to render it inaccessible.

3. DAMAGE BY HOT WATER OR STEAM. 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 the meter.

RULE 13
RELIEF VALVES

Whenever a check valve or pressure reducing 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.

RULE 14
RESPONSIBILITY FOR WATER RECEIVING EQUIPMENT

1. CONSUMER RESPONSIBILITY. 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 supplied by the Company. The Company shall 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, in installing, maintaining, using, operating, or interfering with such equipment.

2. UNCONTROLLED FLOW. The Company will not be responsible for any loss or damage 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.

RULE 15 CONSUMER'S PUMPING INSTALLATIONS

1. PUMPING DIRECTLY FROM COMPANY PIPELINES. 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. 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. PUMP PRIMING CONNECTION. No pump shall be equipped with a direct water supply connection for priming purposes except with the written permission of the Company.

3. 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.

4. 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 fourth month and inspected internally not less than once annually. Repairs and replacements of parts, shall be made immediately at the expense of the consumer. Making of 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 inspection 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 making the tests, needed repairs and replacements and charging the costs thereof to the consumer.

RULE 16
PROHIBITION OF CROSS-CONNECTIONS
AND INSTALLATIONS

1. In order to provide proper sanitary protection to the Company's water supply and to comply with the applicable regulations of the United States Public Health Service, or other federal agencies and of the State Department of Health, as adopted or amended from time to time, 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 dangerous, impure, unsanitary, or unpotable substance from the consumer's premises into the Company's system. AFFIDAVIT OF COMPLIANCE. Upon 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 this rule on his premises or describing in detail all non-conforming connections or installations.

3. 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 as set forth in Rule XV, will be sufficient reason for discontinuing service until such time as the requirements have been met.

RULE 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.

RULE 18
ELECTRICAL GROUNDING

1. Protective grounding of alternating current secondary distribution circuits made to the water system shall be subject to the following conditions:

(a) 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 any electrical grounding.

(b) 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.

2. No grounding of direct current system to any portion of the water system shall be permitted.

3. No grounding other than as provided in paragraph 1 hereof shall be made to any portion of the water system without the Company's written approval.

4. 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.

5. 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 to the consumer.

RULE 19
RESALE OF WATER

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

RULE 20
RESTORATION OF WATER SERVICE

A charge will be made of no less than \$50.00 for reconnection of service during regular working hours or, no less than \$75.00 for reconnection of service at other than regular working hours when the consumer has requested that the reconnection be made at other than regular working hours.

RULE 21
INGRESS TO AND EGRESS FROM CONSUMER'S PREMISES

Any authorized officer, employee, agent, or representative of the Company bearing proper credentials and identification shall have the right of ingress to and egress from the consumer's premises at all reasonable hours for any purpose reasonably connected with the furnishing of water or other service to said premises and the exercise of any and all rights secured to it by law or these Rules and Regulations. In case any such person 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.

RULE 22
NON-POTABLE SERVICE

In addition to the application of all other Rules where appropriate, the following Rules apply specifically to the service of non-potable (irrigation) water.

1. WATER QUALITY. No claim is made as to the suitability of the water for the irrigation of specific crops. The Company assumes no liability for the changing characteristics of the water or damage to crops or irrigation systems caused by the water.
2. WATER QUANTITY. The Company will use all reasonable means for providing a uniform and adequate supply and distributing it in an equitable manner but cannot be held liable for damage to crops associated with inadequacies in supply.
3. DAMAGE TO MAINLINES AND VALVES. All irrigation systems will be operated in such a manner as not to cause damage or accelerated wear on mainlines, valves, and other devices in the Company's system. This is related to, but not limited to, the use of slow closing valves which in the opinion of the Company limit peak water hammer pressures to acceptable valves. Any damage to the Company's system caused by the operation of the irrigation system or by general farming operations near the facility will be repaired by the Company and paid for by the individual or organization responsible for the damage.

RULE 23
REFRIGERATION AND AIR CONDITIONING EQUIPMENT

(a) No new installation or replacement installation or refrigeration or air conditioning equipment requiring the use of water from the Company's system shall be installed on any premises until a written authorization permitting such installation has been issued by the Company. Before written authorization 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 Company's system unless such equipment includes water conserving devices whose net use of waste of 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 installation shall be considered as one unit for the purposes of this rule.

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

EXHIBIT A
LANAI WATER COMPANY, INC.
RATE SCHEDULE

NON-AGRICULTURAL MONTHLY FLAT RATE SERVICE CHARGE

	<u>PER DWELLING</u>				
Meter Size:	Step 1 (effective upon approval)	Step 2 (effective one year after the effective date of Step 1)	Step 3 (effective one year after the effective date of Step 2)	Step 4 (effective one year after the effective date of Step 3)	Step 5 (effective one year after the effective date of Step 4)
5/8" & 3/4"	\$3.09	\$4.02	\$5.28	\$6.93	\$9.11
1"	\$6.60	\$9.09	\$12.46	\$16.91	\$22.77
1.5"	\$8.65	\$14.32	\$22.02	\$32.16	\$45.53
2"	\$17.93	\$26.38	\$37.85	\$52.93	\$72.85
3"	\$35.04	\$50.67	\$71.87	\$99.77	\$136.60
4"	\$54.61	\$81.24	\$117.37	\$164.91	\$227.66
6"	\$109.23	\$162.47	\$234.74	\$329.81	\$455.32
8"	\$179.32	\$263.81	\$378.47	\$529.35	\$728.51
Hydrants / Standpipes	\$48.69	\$62.22	\$80.57	\$104.72	\$136.60

NON-AGRICULTURAL MONTHLY WATER CHARGE

In addition to the Monthly Flat Rate Service Charge as noted above, there shall also be a Monthly Water Usage Charge based on each 1,000 gallons of metered domestic water.

Usage Level in Gallons:	Step 1 (effective upon approval)	Step 2 (effective one year after the effective date of Step 1)	Step 3 (effective one year after the effective date of Step 2)	Step 4 (effective one year after the effective date of Step 3)	Step 5 (effective one year after the effective date of Step 4)
0 to 5,000	\$1.15	\$1.24	\$1.35	\$1.50	\$1.70
5,001 to 12,500	\$1.33	\$1.70	\$2.19	\$2.84	\$3.70
12,501 to 50,000	\$2.01	\$2.60	\$3.42	\$4.49	\$5.90
50,001 to 400,000	\$2.21	\$3.13	\$4.38	\$6.03	\$8.20
Over 400,000	\$2.32	\$3.41	\$4.89	\$6.84	\$9.41270

Issued: July 18, 2023

Effective: August 15, 2023

By: Garret Tokuda

Senior Vice President – Finance & Treasurer

AGRICULTURAL MONTHLY FLAT RATE WATER CHARGE

Meter Size:	Step 1 (effective upon approval)	Step 2 (effective one year after the effective date of Step 1)	Step 3 (effective one year after the effective date of Step 2)	Step 4 (effective one year after the effective date of Step 3)	Step 5 (effective one year after the effective date of Step 4)
5/8" & 3/4"	\$3.09	\$4.02	\$5.28	\$6.93	\$9.11
1"	\$6.60	\$9.09	\$12.46	\$16.91	\$22.77
1.5"	\$8.65	\$14.32	\$22.02	\$32.16	\$45.53
2"	\$17.93	\$26.38	\$37.85	\$52.93	\$72.85
3"	\$35.03	\$50.67	\$71.87	\$99.77	\$136.60
4"	\$54.61	\$81.24	\$117.37	\$164.91	\$227.66

AGRICULTURAL MONTHLY WATER CHARGE

In addition to the Monthly Flat Rate Service Charge as noted above, there shall also be a Monthly Water Usage Charge based on each 1,000 gallons of metered domestic water.

Usage Level in Gallons:	Step 1 (effective upon approval)	Step 2 (effective one year after the effective date of Step 1)	Step 3 (effective one year after the effective date of Step 2)	Step 4 (effective one year after the effective date of Step 3)	Step 5 (effective one year after the effective date of Step 4)
0 to 200,000	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10
200,001 to 400,000	\$2.21	\$3.13	\$4.38	\$6.03	\$8.20
Over 400,000	\$2.32	\$3.41	\$4.89	\$6.84	\$9.41270

Tap-in Charge per connection

Single Family Unit	\$600.00
Multi-Family Unit	\$475.00
Commercial:	
5/8 inch meter	\$600.00
3/4 inch meter	\$475.00

Issued: July 18, 2023

Effective: August 15, 2023

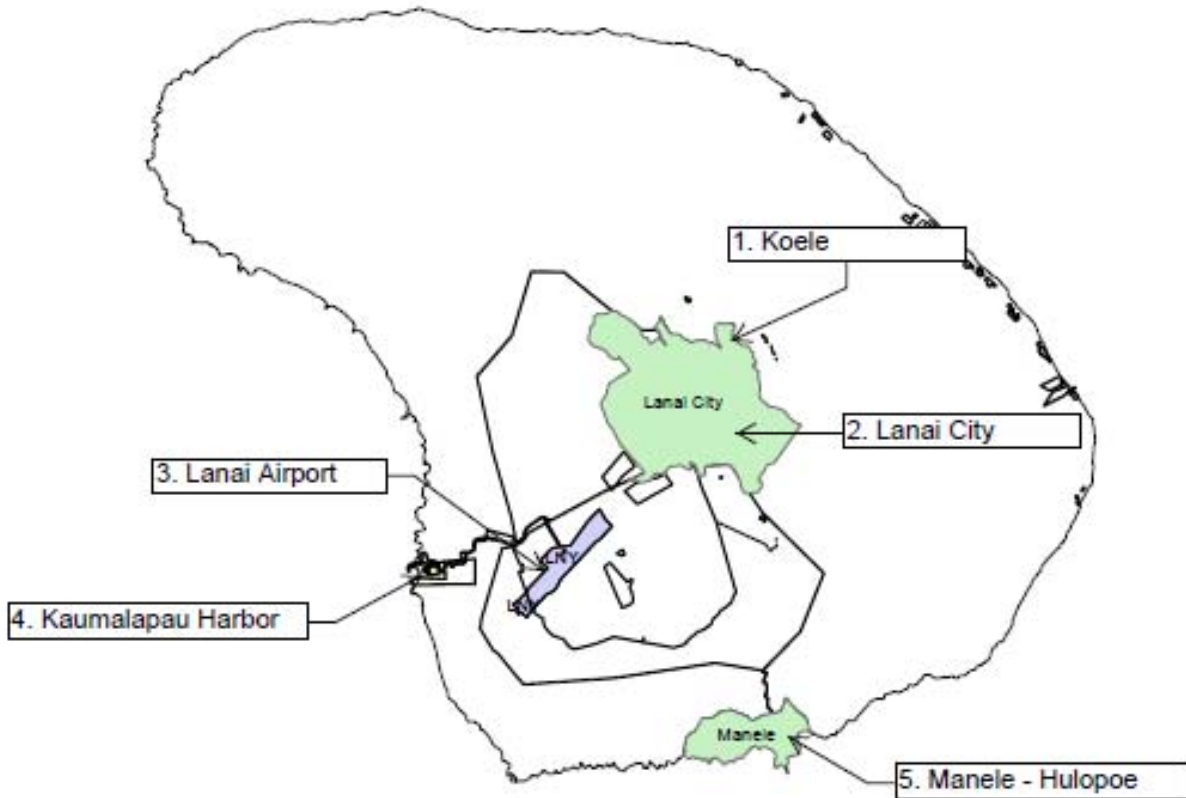
By: Garret Tokuda
Senior Vice President – Finance & Treasurer

1 inch meter	\$5,400.00
1 1/2 inch meter	\$8,900.00
2 inch meter	\$17,800.00
3 inch meter	\$57,000.00
4 inch meter	\$89,100.00
6 inch meter	\$178,200.00
8 inch meter	\$285,100.00
Agriculture:	
5/8 inch meter	\$700.00
3/4 inch meter	\$1,000.00
1 inch meter	\$1,700.00
1 1/2 inch meter	\$3,500.00
2 inch meter	\$5,700.00

Reconnection charge shall be based on the cost incurred by the Company. If water service is turned off because of failure to pay a bill, for violation of any of the rules or regulations of the Company, or for other reasons, all outstanding accounts against the Consumer plus costs for reopening, reinstallation or reconnection must be paid or payment arrangements made before water service could be restored.

Inspection charge is \$30.00 per inspection.

EXHIBIT B



Authorized Service Area¹

1. Koele
2. Lanai City
3. Lanai Airport
4. Kaunalapau Harbor
5. Manele - Hulopoe

¹ See Decision and Order No. 9791, filed on June 13, 1988, in Docket No. 5972.