

LANAI DIVISION

SCHEDULE SS
STANDBY SERVICE

A. APPLICABILITY:

Applicable to customers with alternate regular source(s) of energy other than electricity from the Company when such sources are connected to the utility's system and for which the customer relies on the utility for power service when the alternate source is not being operated (hereinafter referred to as "non-utility power source(s)"). Service under this Schedule shall be at least 25 kW, supplied and metered at a single voltage and delivery point as specified by the Company.

B. DEFINITIONS:

Standby service is the power service that the Company is obligated to stand ready to supply when the customer's non-utility power source(s) is (are) not being operated. Standby service refers to power service that the Company provides during both unscheduled outages and Scheduled Maintenance Periods.

Supplemental Service is the power service supplied by the Company in addition to the customer's electric power requirements normally obtained from its non-utility power source(s).

C. BILLING ELECTIONS:

Customers must elect either the Regular Rate Schedule Billing Option or the Standby Rate Billing Option. Customers may change billing options after receiving at least 12 billing months of service on the presently selected Billing Option. The rates applicable to each billing option are described below. All other terms and conditions of this Schedule SS apply to both billing options, unless otherwise indicated. Both billing options shall remain in force for at least 10 years from the initial effective date of Schedule SS. The option to elect to change to or from either the Regular Rate Schedule Billing Option or the Standby Rate Billing Option shall remain in force for at least 5 years from the initial effective date of Schedule SS.

Schedule SS customers are eligible for the Company's optional rider tariffs, including, but not limited to, the current Rider M and Rider T, and any riders that may be applicable in the future. The use of a non-utility power source by a Schedule SS customer to reduce its load during the Company's curtailment

MAUI ELECTRIC COMPANY, LTD.

LANAI DIVISION

SCHEDULE SS - Continued

hours shall be deemed eligible to meet the curtailment requirements of the Company's optional rider tariffs, including, but not limited to, Rider M. If a Schedule SS customer on the Regular Rate Schedule Billing Option elects to participate in an optional rider, the customer's total kW and kWh requirements are subject to billing under the applicable regular rate schedule as adjusted by the optional rider. If a Schedule SS customer on the Standby Rate Billing Option elects to participate in an optional rider, only the customer's Supplemental Service Demand and Supplemental Service Energy are subject to billing under the applicable regular rate schedule as adjusted by the optional rider. All other terms and conditions of this Schedule SS apply to Schedule SS customers utilizing the Company's optional rider tariffs unless otherwise indicated.

Schedule SS customers are not excluded from other programs currently offered by the Company, and as offered by the Company from time to time, provided that they meet the eligibility requirements.

D. REGULAR RATE SCHEDULE BILLING OPTION RATES:

Customers who elect the Regular Rate Schedule Billing Option, including the optional rider tariffs, shall be billed at the rates on their applicable regular rate schedule and/or the rates on their applicable optional rider tariffs, and the measured demand shall reflect the customer's combined standby service and supplemental service requirements served through the regular utility meter. The Determination of Demand provision of the regular rate schedule shall apply with the following exceptions:

1. The determination of measured demand in a billing month shall exclude 15 minute periods where the customer's generating facility was disconnected under certain conditions described in Terms & Conditions #5 and #6 below;
2. New customers to this rate or existing customers with new generation sources shall be permitted a commissioning period for their non-utility generation source(s) that shall not exceed four months from the date that the customer's generating facility commences production of energy in parallel to the utility system, following execution of an

MAUI ELECTRIC COMPANY, LTD.

LANAI DIVISION

SCHEDULE SS - Continued

interconnection agreement as required under the Company's Rule No. 14H. At the end of this commissioning period, the customer's historical measured demand will be eliminated and re-set for purposes of determining billing demand. A customer may choose to have this billing demand adjustment implemented before the end of the four month period. The Company will make such a billing demand adjustment only once; and

3. The determination of measured demand in a billing month shall exclude 15 minute periods where the customer is on Scheduled Maintenance.

E. STANDBY RATE BILLING OPTION RATES:

The rates, terms, and conditions of the applicable regular commercial rate schedule shall apply except that the Billing kW under the applicable commercial rate schedule shall be adjusted as described below, the Standby Demand Charge and Standby Energy Charge shall be added to the customer's bill, and the Minimum Charge provisions of this Schedule shall supersede the Minimum Charge provisions in the applicable commercial rate schedule. For the purpose of calculating rate adjustments based on kWh, the standby service customer's total kWh in a billing month shall be the sum of the Standby Energy kWh and the Supplemental Service Energy kWh. For the purpose of calculating rate adjustments based on total base rate charges, the Standby Demand Charge and Standby Energy Charge are considered elements of base rate charges.

1. Standby Demand Charge:

The Standby Demand Charge for each month shall be the sum of the Standby Reservation Demand Charge and the Standby Daily Demand Charge.

a. Standby Reservation Demand Charge:

\$3.00 per Contract Standby kW, for customers served on Schedule J for Supplemental Service.

\$8.05 per Contract Standby kW, for customers served on Schedule P for Supplemental Service.

The Contract Standby kW shall be the greater of (1) the Contract Standby kW specified in the customer's Standby

MAUI ELECTRIC COMPANY, LTD.

LANAI DIVISION

SCHEDULE SS - Continued

Service Contract form or (2) the maximum load served by the Customer's generation equipment in the current or previous 11 billing months, less the kW amount specified in the customer's Standby Service Contract form that would not have to be served by the Company in the event of an outage of the customer's generation equipment.

b. Standby Daily Demand Charge:

\$0.49 per Standby Billing kW per day, for customers served on Schedule J for Supplemental Service.

\$1.50 per Standby Billing kW per day, for customers served on Schedule P for Supplemental Service.

Backup Demand during a 15 minute interval is the lesser of (1) the Contract Standby kW minus the customer's load served by the customer's generation equipment, but not less than zero, or (2) the load served by the Company's generation equipment in that same time interval. The Standby Billing kW each day is the maximum Backup Demand during the 24-hour day. The daily demand charge shall be the sum of the calculated demand charges for each day of the billing period.

The determination of backup demand in a billing month shall exclude 15 minute periods where the customer's generating facility was disconnected under certain conditions described in Terms & Conditions #5 and #6 below.

The Daily Demand Charge will be waived during days of Scheduled Maintenance.

2. Standby Energy Charge:

Standby Energy kWh is the sum of the 15 minute interval Backup Demands (including periods of Scheduled Maintenance) during the month divided by four.

a. Standby Energy Charge:

\$0.244 per Standby Energy kWh, for customers served on Schedule J for Supplemental Service.

\$0.238 per Standby Energy kWh, for customers served on Schedule P for Supplemental Service.

MAUI ELECTRIC COMPANY, LTD.

LANAI DIVISION
SCHEDULE SS - Continued

3. Supplemental Service Demand Charge:

The Billing kW for Supplemental Service shall be as follows:

The Billing kW shall be calculated each month as the higher of 1) the measured usage based on the meter readings of the service provided by the Company's generation equipment, less the maximum Backup Demand during the month or 2) the simple average of 1) and the highest Billing kW in the previous 11 months, less the maximum Backup Demand during the month. This Billing kW shall be the kW basis for billing the Supplemental Service Demand and Energy charges under the customer's applicable commercial rate schedule.

The determination of Billing kW for Supplemental Service in a billing month shall exclude 15 minute periods where the customer's generating facility was disconnected under certain conditions described in Terms & Conditions #5 and #6 below.

New customers to this rate or existing customers with new generation sources shall be permitted a commissioning period for their non-utility generation source(s) that shall not exceed four months from the date that the customer's generating facility commences production of energy in parallel to the utility system, following execution of an interconnection agreement as required under the Company's Rule No. 14H. At the end of the four month period, the customer's historical measured demand will be eliminated and re-set for purposes of determining billing demand. A customer may choose to have this billing demand adjustment implemented before the end of the four month period. The Company will make such a billing demand adjustment only once.

4. Supplemental Service Energy Charge:

Supplemental Service Energy kWh shall be based on the meter readings of the service provided by the Company and shall be the total kWh provided minus the Standby Energy kWh. Supplemental Service Energy shall be billed at the rates shown on the appropriate regular commercial rate schedule, based on the adjusted billing kW described above.

MAUI ELECTRIC COMPANY, LTD.

LANAI DIVISION
SCHEDULE SS - Continued

5. Supply Voltage Adjustment:

The Supply Voltage Adjustment in the applicable regular commercial rate schedule shall apply to the Standby Demand Charge and the Standby Energy Charge.

6. Minimum Charge:

The monthly minimum charge shall be the sum of the Minimum Charge under the applicable regular commercial rate schedule and the Standby Demand Charge. The Minimum Charge under the applicable regular commercial rate schedule shall be based on the maximum kW provided by the Company in the current or 11 previous billing months less the Contract Standby kW. Where the Company determines that the installed capacity of the customer's non-utility power source(s) exceeds the customer's total kW requirement as determined by the Company, the monthly minimum charge shall be the sum of the Customer Charge under the applicable regular commercial rate schedule and the Standby Demand Charge.

F. TERMS AND CONDITIONS (Applicable to all Schedule SS customers, unless otherwise indicated):

1. This tariff shall apply when a customer regularly obtains power service from a source(s) other than the Company, and obtains supplemental service from the Company when its non-utility power source(s) capability is less than its total power requirements, and/or the customer requires standby service from the Company.
2. This tariff shall not apply to the customers identified below in items a) through f). However, any of these customers may choose to forego this exception and elect to opt-in to Schedule SS. If a customer elects to be served under the terms and conditions of Schedule SS, such customer must remain on Schedule SS for at least 12 billing months.
 - a) Non-utility power sources used exclusively by a customer for emergency service; or
 - b) Non-utility power sources that would be used exclusively by a customer for emergency service but for an agreement between the customer and the Company to use the non-utility power sources to reduce utility system load and/or provide capacity to the utility system; or
 - c) Non-utility power sources that are at least fifty percent fueled by non fossil fuel energy, including

MAUI ELECTRIC COMPANY, LTD.

LANAI DIVISION
SCHEDULE SS - Continued

- biodiesel or biofuels, as currently defined in Hawaii Revised Statutes 269-91 or as amended in the future, calculated on an annual fuel energy input basis; or
- d) Non-utility power sources that produce electricity for sale to the Company under a purchased power agreement that is approved by the Commission, unless otherwise specified in the purchase power agreement; or
 - e) Non-utility power sources that are operated for the benefit of customers who have an existing interruptible service contract (Rider I) or curtailable service contract (Rider M, option B) with the utility on the initial effective date of this tariff; or
 - f) Non-utility power sources covered under an agreement for net energy metering with the Company under Rule No. 18.

- 3. The connection and operation of the customer's non-utility power source(s) in parallel with the Company's system will be permitted when the customer is served under this Schedule and in accordance with the terms of a contract with the Company for parallel interconnection, as described in the Company's Rule No. 14H.
- 4. Customers receiving service under this Schedule shall sign a Standby Service Contract with the Company, which shall specify the Contract Standby kW for standby service if the Standby Rate Billing Option is elected, and the initial Scheduled Maintenance Service Periods, if any.
- 5. The calculation of backup demand and supplemental service billing demand on the Standby Rate Billing Option and the calculation of measured demand under the Regular Rate Schedule Billing Option will exclude 15 minute periods where the customer's generating facility was disconnected, provided the customer's metering and metering parameters have been approved by the Company and the disconnection was caused (a) by voltage or frequency excursions outside of the ranges specified in Rule 14H, Appendix I, #4g and #4h (or as stated in the customer's interconnection agreement) due to events on the utility system or (b) by action of the utility's direct transfer trip equipment, or (c) was requested or required by the utility due to reasons other than problems caused by the customer's generating facility.

The existence of such excursion or disruption must be recorded by the customer and that recording provided to the utility. The utility, in determining whether such voltage or frequency excursions were due to events on the utility system or the

MAUI ELECTRIC COMPANY, LTD.

LANAI DIVISION
SCHEDULE SS - Continued

customer's system, shall rely on data recorded in its system operation interruption reports, system frequency archives, power quality monitors installed at substations serving the customer's facility (where available), and information of any incidents on the customer's system that may have caused the excursions. The customer shall, upon request, provide the utility with available information pertaining to customer's electrical and mechanical system operations at the time of the disconnection including, but not limited to, faults on the customer's system, customer equipment damage, and motor starting data.

If the Customer disagrees with the Company's determination of the cause of the disconnection, the Customer may meet with representatives from the Company to discuss the matter. If the parties continue to have a dispute, authorized representatives from the Company and Customer (having full authority to settle the dispute) may meet in person in Hawaii or at some other mutually agreeable location, or by telephone or internet conference, or in some other mutually agreeable fashion, and attempt in good faith to resolve the dispute. If the parties continue to have a dispute, the parties may engage in a form of alternative dispute resolution agreeable to both parties, or a party may request that the Commission resolve the matter by filing a written request with the Commission attaching the relevant information and correspondence, and serving the request on the other party and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs of the State of Hawaii.

Customers are not required to exhaust the Company's dispute resolution procedures set forth above before proceeding under provisions applicable to informal or formal complaints or other provisions contained under the Rules of Practice and Procedure before the Public Utilities Commission, currently codified in Title 6, Chapter 61, Subchapter 5 of the Hawaii Administrative Rules, or any other applicable statutes, orders, rules, or regulations. If any such proceeding is initiated, the Customer shall notify the Company in writing that it does not desire to continue with the Company's dispute resolution procedures.

6. A Schedule SS customer has the option, once during each calendar year, to waive the demand that the customer draws from the utility for billing purposes, provided that the demand occurs during an unscheduled outage of the customer's generator. The maximum period during which this waiver may apply is no more than the first 72 consecutive hours, even if

MAUI ELECTRIC COMPANY, LTD.

LANAI DIVISION

SCHEDULE SS - Continued

the unscheduled outage lasts longer than 72 consecutive hours. This waiver is limited to only one billing period. This waiver will be available once during the calendar year beginning with the effective date of the customer's Schedule SS contract. Waivers cannot be carried forward to subsequent years. For billing purposes, for customers on the Regular Rate Schedule Billing Option, implementation of the waiver excludes the waived hours from the calculation of measured demand for the billing month. For billing purposes, for customers on the Standby Service - Standby Rate Billing Option - - implementation of the waiver excludes the waived hours from the calculation of both the Daily Demand Charge and the Supplemental Service Demand Charge. A Schedule SS customer must exercise the waiver within 21 calendar days of the date of the bill for the billing period in which the waiver is exercised via dated written or electronic communication with the utility. Once exercised the waiver cannot be exchanged for another unscheduled outage.

7. The Contract Standby kW normally will not be less than the lesser of (1) the Total Capacity of the customer's non-utility power source(s), or (2) the highest customer kW Load for the twelve months preceding commencement of service under this Schedule, or execution date of the Standby Service Contract, whichever is earlier. The customer must notify the Company of any changes in its non-utility power source(s) that may affect its Contract Standby kW specified in the Standby Service Contract. The Company may, from time to time, verify the customer's Contract Standby kW specified in the Standby Service Contract. Where the Company determines that the Contract Standby kW requires adjustment, the Company shall inform the customer in writing 60 days before such change becomes effective. This provision is applicable to the Standby Rate Billing Option only.
8. Scheduled Maintenance Service under this rate schedule shall be for power service during the Scheduled Maintenance Periods of the customer's non-utility power source(s).

a. Scheduled Maintenance Service during On-peak hours:

Maintenance for a customer's non-utility power source(s) is subject to the following terms and conditions:

- a. A non-utility power source cannot be down for on-peak Scheduled Maintenance Service more than 300 hours during the calendar year.

MAUI ELECTRIC COMPANY, LTD.

LANAI DIVISION
SCHEDULE SS - Continued

b. The customer shall specify its initial Scheduled Maintenance Periods (to be taken during the first calendar year or partial calendar year in which it takes Scheduled Maintenance Service), subject to review and approval by the Company, which approval shall not be unreasonably withheld, in the Standby Service Contract. The customer shall submit in writing to the Company all subsequent requests for Scheduled Maintenance at least four weeks in advance of the desired maintenance periods. Such requests will be subject to the Company's review and approval, which approval shall not be unreasonably withheld. Where the Company indicates that such periods are not acceptable to the Company based on operating, technical or other similar reasons, the Company and the customer shall work together to determine the Scheduled Maintenance Periods that are reasonable and acceptable to both parties.

b. Scheduled Maintenance Service during Off-peak hours:

Maintenance for a customer's non-utility power source(s) is subject to the following terms and conditions:

- (1) A power source can be maintained during off-peak hours only with two-week prior notice to the Company. Notice can be given either by phone, fax, or e-mail, and must include the meter number for the power source(s) to be maintained and the expected additional kW demand to be provided by the Company during the Scheduled Maintenance Service period(s). Off-peak hours are 9 p.m. - 7 a.m., daily.
- (2) The customer must notify the Company in advance of shutting off and/or starting up its power source that will be maintained under this provision.
- (3) The Standby Service Contract must specify the non-utility power source(s) and meter numbers of the sources to be maintained during off-peak hours under the above terms.
- (4) The total off-peak Scheduled Maintenance Periods arranged under Scheduled Maintenance Service shall not be limited, provided that the Company may request the

MAUI ELECTRIC COMPANY, LTD.

LANAI DIVISION
SCHEDULE SS - Continued

customer to forego a previously scheduled off-peak maintenance period in the event of a system emergency.

9. A non-utility power source or sources may be designated by the customer as producing power only during a limited number of hours per day. Customer shall not be required to provide any advance notice to utility of shutting off or starting up its power source in this situation provided it does not deviate from the previously agreed upon schedule. Customer will be entitled to designate on-peak hours or off-peak hours, if applicable, as Scheduled Maintenance under the terms and conditions described above in Terms and Conditions #8. Customer shall not be required to provide any notification concerning maintenance, as described above in Terms and Conditions #8, if such maintenance is performed entirely within hours during which it does not produce power under the previously agreed upon schedule.
10. The customer's non-utility power source(s) shall be metered with a meter or recorder capable of interval metering, unless the Company deems such metering to be impractical for engineering or operating reasons. If the customer's non-utility power source(s) are not metered, the customer shall not be eligible for Scheduled Maintenance Service and shall not be eligible for the Standby Rate Billing Option.
11. Except as provided for in Terms and Conditions #12 below, the Company shall install, own, operate, maintain, replace, and read meters on the customer's non-utility power source(s) for billing purposes. The customer shall be responsible for any reasonable costs associated with metering its non-utility power source(s), including the total installed cost of the meters. All meters shall be installed at some convenient place approved by the Company upon the customer's premises, which approval shall not be unreasonably withheld, and shall be so placed as to be accessible at all times for inspection, reading, and testing.

When the Company performs maintenance work on the meters on the customer's non-utility power source(s), the Company shall bill the customer for the total reasonable costs associated with such maintenance including labor and material costs, and shall add this amount to the customer's electric bill for the period. The Company shall provide the customer with the breakdown of such maintenance costs such as the labor cost, materials and supplies, taxes, and any other cost incurred.

MAUI ELECTRIC COMPANY, LTD.

LANAI DIVISION

SCHEDULE SS - Continued

The customer shall, at its expense, furnish, install and maintain in accordance with the Company's requirements all associated equipment such as all conductors, service switches, fuses, meter sockets, meter and instrument transformer housing and mountings, switchboard meter test buses, meter panels, and similar devices, required for service connection and meter installations on customer's premises. The customer shall at its expense, provide a dedicated telephone line to connect the meter(s) to the Company's communication system.

12. A Schedule SS customer has the option of installing and maintaining a customer-owned or supplied meter to measure the output of the DG unit(s) rather than having the utility install a utility-owned meter as set forth in Section F.11 above. This meter is a revenue meter under the Schedule SS - Standby Rate Option. The customer shall pay for the customer-owned or supplied meter and its installation/removal.

The customer-owned or supplied meter:

- a. Must be approved by the utility, which approval shall not be unreasonably withheld. The customer shall submit manufacturing specifications and catalog cut sheets for the Company's review. The installation of a meter that is not approved by the Company shall result in the DG unit being considered as not metered.
- b. Along with the metering equipment, the customer-owned or supplied meter must meet UL, EUSEC, NEMA and ANSI standard specifications for metrology accuracy, component tolerances, and physical construction, and be sealed against tampering. Furthermore, the customer must meet all Company electrical grounding standards.
- c. Must provide the billing data required for billing under the Standby Rate Option.
- d. Must have at least a 30 to 60-day data storage capability for the required billing data.
- e. Must be equipped with a modem and be compatible with MV90 for remote interrogation of billing data and have an available telephone line.
- f. Must comply with Company's electrical service installation standards with respect to location, placement, physical clearances, and size of equipment.

MAUI ELECTRIC COMPANY, LTD.

LANAI DIVISION

SCHEDULE SS - Continued

- g. Must be available for testing under the conditions and frequency applied to utility-owned meters.
 - h. Must not be replaced without notifying the utility in advance of the replacement. The replacement meter is subject to all the above conditions.
13. The term of the Schedule SS Service Contract under this Schedule SS is at least one (1) year, and the contract shall remain in effect from month-to-month thereafter, unless terminated by either party upon thirty (30) days prior written notice to the other party. Early termination by the customer shall incur a fee equal to the sum of the last six months' Reservation Demand charges, unless otherwise mutually agreed to in writing by the parties.
14. Service supplied under this Schedule shall be subject to the Rules and Regulations of the Company.

MAUI ELECTRIC COMPANY, LTD.

LANAI DIVISION
SCHEDULE SS - Continued

Schedule SS Service Contract Form

This Contract covers Standby Service provided by MAUI ELECTRIC COMPANY, INC. (MECO) to:

Customer: _____ Account Number: _____

Service Address: _____

Under this Contract, the electric service provided by MECO to the customer's service location shall be served on rate Schedule SS.

Billing Option Elected: _____

If Standby Rate Billing Option selected, items (1) and (2) below must be filled in:

(1) Billing Contract Standby kW _____

(2) Installed kW Capacity of Non-Utility Power Source(s) _____

This contract shall be amended to insert values for items (1) and (2) above at the time the customer selects the Standby Rate Billing Option.

Initial Scheduled Maintenance Periods:

This Contract shall become effective at the beginning of the first regular billing cycle following _____(date) or the first billing period after the installation of the required meters for service under Schedule SS and is subject to the terms of Rate Schedule SS and any other applicable schedule.

The parallel interconnection of the customer's non-utility power sources with the Company's system shall be permitted in accordance with the terms and conditions specified in a contract for parallel interconnection.

Term of Contract shall be at least one year, and shall continue thereafter month-to-month until terminated by either party upon thirty (30) days prior written notice to the other party. This Contract may be terminated at any time by mutual agreement of the Company and the customer.

The Customer and the Company identify the following points of contact for all communications related to service under this contract:

MAUI ELECTRIC COMPANY, LTD.

LANAI DIVISION

SCHEDULE SS - Continued

Schedule SS Service Contract Form

Page 2

Customer

MECO

Name

Name

Title

Title

Mailing Address

Mailing Address

E-mail Address

E-mail Address

Phone Number

Phone Number

Changes in contact information should be directed to the other party's point of contact in writing and should reference this Schedule SS Service contract.

Authorized Customer Signature:

MECO Representative:

_____|_____
Name Date

_____|_____
Name Date

Title

Title

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