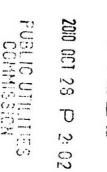
MORIHARA LAU & FONGLLP

A LIMITED LIABILITY LAW PARTNERSHIP

October 28, 2010



HAND DELIVER

The Honorable Chairman and Members of the Hawaii Public Utilities Commission 465 South King Street Kekuanaoa Building, Room 103 Honolulu, Hawaii 96813 Attn: Michael M. Colon, Esq.

Re: Docket No. 2010-0179: In the Matter of the Application of Kauai Island Utility Cooperative ("KIUC") For approval of Power Purchase Agreement ("PPA") for As-Available Energy with Kapaa Solar LLC ("Kapaa Solar") and to include costs in KIUC's Energy Rate Adjustment Clause: Submission of Interconnection Agreement, First Amendment to PPA, and Second Amendment to PPA

Dear Commissioners and Commission Staff:

In connection with the above-referenced application ("Application"), enclosed are the following documents:

- Executed Interconnection Agreement (For Distributed Generation Facilities No Larger Than 20 MW) dated October 25, 2010 ("IA"): As indicated in footnote 1 of the Application, the IA does not affect and/or amend any of the material terms and conditions of the PPA;
- 2. First Amendment to PPA, dated September 3, 2010 ("First Amendment"): This First Amendment amends paragraph 11 of Appendix A of the PPA, to correctly state that Kurt Bosshard is the sole member of Kapaa Solar it does not affect and/or amend any of the material terms and conditions of the PPA; and
- 3. Second Amendment to PPA, dated September 24, 2010 ("Second Amendment"): After execution of the PPA, Kapaa Solar determined that it would need to increase the peak direct current ("DC") capacity of its facility, as stated in the PPA, from 1.1844 megawatts ("MW") peak DC capacity ("ndc") to 1.2096 MWpdc, in order to meet its output obligation to

The Honorable Chairman and Members of the Hawaii Public Utilities Commission October 28, 2010 Page 2

KIUC under the PPA (i.e., output of 1 MW alternating current ("AC") capacity). This Second Amendment does not affect and/or amend any of the material terms and conditions of the PPA.

If you should have any questions, please do not hesitate to contact the undersigned. Thank you for your consideration.

Very truly yours,

Kent D. Morihara Kris N. Nakagawa

Lauren M. Imada-Lee

Morihara Lau & Fong LLP

Lave M. Inda-Lee

Attorneys for Kauai Island Utility Cooperative

Enclosures

c: Consumer Advocate

KIUC Tariff No. 2 Original Sheet No. 72

Attachment 9

KAUAI ISLAND UTILITY COOPERATIVE INTERCONNECTION AGREEMENT

WITH KAPAA SOLAR LLC

(For Distributed Generation Facilities No Larger Than 20 MW)

INTERCONNECTION AGREEMENT

TABLE OF CONTENTS

	rage No
INTERCO	NNECTION AGREEMENT1 -
Article 1. S	cope and Limitations of Agreement1-
1,1	-1-
1.2	
1.3	
1.4	······································
1.5	Responsibilities of the Parties2 -
1.6	Parallel Operation Obligation 3 -
1.7	Metering 4 -
1.8	Reactive Power 4 -
1.9	4-
Article 2. I	nspection, Testing, Authorization and Right of Access 4 -
2.1	Equipment Testing and Inspection 4 -
2.2	Authorization Required Prior to Parallel Operation 5 -
2.3	Right of Access
Article 3. E	ffective Date, Term, Termination, and Disconnection6 -
3.1	Effective Date 6 -
3.2	Term of Agreement6 -
3.3°	Termination 6 -
3.4	Temporary Disconnection 7 -
	3.4.1 Emergency Conditions 7 -
	3.4.2 Routine Maintenance, Construction, and Repair 8 -
	3.4.3 Forced Outages 8 -
	3.4.4 Adverse Operating Effects 9 -
	3.4.5 Modification of the Small Generating Facility 9 -
	3.4.6 Reconnection 9 -

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

Effective: May 22, 2008

Decision and Order No. 24238 and Order filed on June 26, 2008

INTERCONNECTION AGREEMENT

	Cost Responsibility for Interconnection Facilities and Distribution	
ι	Jpgrades) -
4.1	Interconnection Facilities 10	i
4.2	Distribution Upgrades - 10	
4.3	• • • • • • • • • • • • • • • • • • •	
4.3	Queue Position 11	
Article 5. C	Cost Responsibility for Network Upgrades11	
5.1	Applicability11	_
5.2	Network Upgrades 11	
Article 6. B	Billing, Payment, Milestones, and Financial Security11	, -
6.1	Billing and Payment Procedures and Final Accounting11	_
6.2	Milestones 12	
6.3	Financial Security Arrangements12	
	ssignment, Liability, Indemnity, Force Majeure, Consequential	
1	Damages, and Default	, -
7.1	Assignment13	, -
7.2	Limitation of Liability14	
7.3	Indemnity 14	
7.4	Consequential Damages 15	
7.5	Force Majeure 15	
7.6	Default16	
		_
Article 8. I	nsurance 17	' -
8.1	17	7 _
8,2	<u> </u>	
8.3		i
Article 9. C	Confidentiality18	; -
9.1	18	ļ -
9.2	18	} -
	•	

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

Effective: May 22, 2008 Decision and Order No. 24238

and Order filed on June 26, 2008 in Docket No. 2006-0498

INTERCONNECTION AGREEMENT

Article 10.	Disputes	19 -
10.1		19 -
10.2		19 -
10.3		
10.4		
10.5	······································	
10.6		19 -
Article 11.	Taxes	20 -
11.1	,	20
11.2	-	20 -
Article 12.	Miscellaneous	20 -
12.1	Governing Law, Regulatory Authority, and Rules	20 -
12.2	Amendment	20 -
12.3	No Third-Party Beneficiaries	
12.4	Waiver	20 -
12.5		
12.6		
12.7		
12.8		
12,9		
12.1		
12.1	• •	
Article 13.	Notices	23 -
13.1	General	23 -
13.2	Billing and Payment	24 -
13.3	Alternative Forms of Notice	24 -
13.4	Designated Operating Representative	25 -
13,5	Changes to the Notice Information	25 -
Article 14.	Signatures	26 -

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

Effective: May 22, 2008

Decision and Order No. 24238 and Order filed on June 26, 2008

INTERCONNECTION AGREEMENT

Exhibit 1 - Glossary of Terms

Exhibit 2 - Description and Costs of the Small Generating Facility, Interconnection Facilities, and Metering Equipment

Exhibit 3 – One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades

Exhibit 4 - Milestones

Exhibit 5 - Additional Operating Requirements for the Cooperative's Transmission and/or Distribution System Needed to Support the Interconnection Customer's Needs

Exhibit 6 - Cooperative's Description of its Upgrades and Best Estimate of Upgrade Costs

INTERCONNECTION AGREEMENT

25 COOP Custor collect	NTERCONNECTION AGR day of <u>October</u> , 2010 PERATIVE ("Cooperative"), mer"), each hereinafter some tively as the "Parties." Perative Information	o, by and be and <u>Kap</u>	etween KAU. aa Solar LLC	AI ISLAND U'	TILITY erconnection
Соорс	ative into mation				
	Cooperative: Kauai Islan	d Utility C	ooperative		
	Attention: President & CE	O and Chic	ef Engineer		
	Address: 4463 Pahe'e Str				<u> </u>
	City: Lihue	State:	Hawai'i	Zip:	96766-2000
	Phone: 808-246-4300		Fax:		
Interc	connection Customer Infor				
	Interconnection Customer:	Kapaa Sola	ır LLC		
	Attention: Kurt Bosshard				
	Address: 3144 Elua St.				
	City: Lihue		HI	Zip:	96766
	Phone: 808-245-5302				
	onnection Customer Applica				
Articl	e 1. Scope and Limitations	of Agreen	nent		
1.1	This Agreement shall be us Cooperative's Small Gener Generation Facilities No La those submitted under the I Policies and Procedures.	ator Interco arger Than	onnection Pol 20 MW) ("Po	icies and Proce plicies and Proc	dures (For Distributed cedures"), except for
	l: July 1, 2008 Landall J. Hee, President and	C.E.O.			Effective: May 22, 200 on and Order No. 2423

and Order filed on June 26, 2008

INTERCONNECTION AGREEMENT

- This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the Cooperative's Transmission and/or Distribution System.
- 1.3 This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate Purchase Power Agreements or Tariff provisions, as applicable.
- 1.4 Nothing in this Agreement is intended to affect any other agreement between the Cooperative and the Interconnection Customer.

1.5 Responsibilities of the Parties

- 1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice or Good Distributed Generation Practice (as applicable).
- 1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, Good Utility Practice or Good Distributed Generation Practice (as applicable), and any other requirements imposed by the Cooperative.
- 1.5.3 The Cooperative shall construct, operate, and maintain its Transmission and Distribution System and Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.

INTERCONNECTION AGREEMENT

- 1.5.4 The Interconnection Customer agrees to construct and operate its facilities or systems in accordance with Good Distributed Generation Practice, including but not limited to applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements and other applicable national and state codes and standards. Without limiting the foregoing, the Interconnection Customer agrees to design, install, maintain, and operate its Small Generating Facility so as to minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Cooperative.
- 1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Exhibits to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Cooperative and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Cooperative's Transmission and/or Distribution System, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Exhibits to this Agreement.

1.6 Parallel Operation Obligations

Once the Small Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the applicable control area, including, but not limited to: 1) the rules and procedures concerning the operation or generation set forth in the Tariff or Purchase Power Agreement for the Cooperative's Transmission and/or Distribution System; 2) the Operating Requirements set forth in Exhibit 5 of this Agreement; and 3) Good Distributed Generation Practice.

INTERCONNECTION AGREEMENT

1.7 Metering

The Interconnection Customer shall be responsible for the Cooperative's costs incurred for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Exhibits 2 and 3 of this Agreement. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

1.8 Reactive Power

- 1.8.1 The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range specified in Exhibit 5 of this agreement.
- 1.9 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Exhibit 1 or the body of this Agreement.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

2.1.1 The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the Cooperative of such activities no fewer than five Business Days (or as may be otherwise agreed to by the Parties in writing) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The Cooperative may, at its own expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide to the Cooperative a written test report when such testing and inspection is completed.

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

INTERCONNECTION AGREEMENT

2.1.2 The Cooperative shall provide to the Interconnection Customer written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Cooperative of the safety, durability, suitability, or reliability of the Small Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Small Generating Facility.

2.2 <u>Authorization Required Prior to Parallel Operation</u>

- 2.2.1 The Cooperative shall use Reasonable Efforts to list applicable parallel operation requirements and operational test criteria in Exhibit 5 of this Agreement.

 Additionally, the Cooperative shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Cooperative shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.
- 2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with the Cooperative's Transmission System without prior written authorization of the Cooperative. The Cooperative will provide such authorization once the Cooperative receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements to ensure that said operation will be consistent with safety, reliability and power quality standards. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

2.3.1 Upon reasonable notice, the Cooperative may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Small Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Small Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Cooperative at least five Business Days prior to conducting any on-site verification testing of the Small Generating Facility.

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

INTERCONNECTION AGREEMENT

- 2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or potentially hazardous condition, the Cooperative shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if the Cooperative otherwise believes it necessary to meet its legal obligation to provide service to its customers.
- 2.3.3 Each Party shall be responsible for its own costs associated with following this article.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

- 3.1.1 This Agreement shall become effective upon execution by the Parties. The Cooperative shall promptly file this Agreement with the Hawaii Public Utilities Commission ("Commission") upon execution, if required.
- This Agreement shall become effective on the Effective Date and shall remain in effect for a period of 20 years from the Effective Date, and shall thereafter be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.2 of this Agreement:
- 3.1.3 If a Facility modification directly impacts Interconnection Facilities then the Parties must mutually agree on the allocation of the costs of such impact, unless terminated by mutual agreement earlier in accordance with Article 3.2 of this Agreement. Nothing herein shall be deemed to preclude the Cooperative right to modify its operational parameters describe in Exhibit 5.

3.2 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination.

- 3.2.1 The Interconnection Customer may terminate this Agreement at any time by giving the Cooperative 20 Business Days written notice.
- 3.2.2 Either Party may terminate this Agreement after Default pursuant to article 7.6.

Issued: July 1, 2008.

By: Randall J. Hee, President and C.E.O.

Effective: May 22, 2008 Decision and Order No. 24238

and Order filed on June 26, 2008

- 3.2.3 Either Party may terminate this Agreement at the end of the then existing term by providing at least thirty (30) days written notice to the other before the commencement of the subsequent one-year renewal period.
- 3.2.4 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the Cooperative's Transmission and/or Distribution System, as applicable. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this Agreement or such non-terminating Party otherwise is responsible for these costs under this Agreement.
- 3.2.5 The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.
- 3.2.6 The provisions of this article shall survive termination or expiration of this Agreement.

3.3 Temporary Disconnection

Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.

- 3.3.1 Emergency Conditions -- "Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the Cooperative, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Transmission or Distribution System, the Cooperative's Interconnection Facilities; or (3) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Small Generating Facility or the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the Cooperative may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility. The Cooperative shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generating Facility. The Interconnection Customer shall notify the Cooperative promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Cooperative's Transmission and/or Distribution System. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.
- 3.3.2 Routine Maintenance, Construction, and Repair

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By Randall I Hee P.F. President and C.F.O.	Decision and Order No. 24238

The Cooperative may interrupt interconnection service or curtail the output of the Small Generating Facility and temporarily disconnect the Small Generating Facility from the Cooperative's Transmission or Distribution System when necessary for routine maintenance, construction, and repairs on the Cooperative's Transmission or Distribution System. The Cooperative shall provide the Interconnection Customer with five Business Days notice prior to such interruption. The Cooperative shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

3.3.3 Forced Outages

During any forced outage on the Cooperative's system, the Cooperative may suspend interconnection service to effect immediate repairs on the Cooperative's Transmission and/or Distribution System. The Cooperative shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Cooperative shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.3.4 Adverse Operating Effects

The Cooperative shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of the Small Generating Facility may cause disruption or deterioration of service to other customers served from the electric system, or if operating the Small Generating Facility could cause damage to the Cooperative's Transmission and/or Distribution System. Supporting documentation used to reach the decision to disconnect or Derate shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Cooperative may disconnect or Derate the Small Generating Facility and, at its option, terminate this Agreement. The Cooperative shall provide the Interconnection Customer with five Business Day notice of such disconnection, Deration and/or termination, unless the provisions of article 3.4.1 apply.

3.3.5 Modification of the Small Generating Facility

The Interconnection Customer must receive written authorization from the Cooperative before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the Transmission and/or Distribution System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Distributed Generation Practice. If the Interconnection Customer makes such modification without the Cooperative's prior written authorization, the latter shall have the right to temporarily or permanently disconnect the Small Generating Facility and/or terminate this Agreement.

3.3.6 Reconnection

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By: Randall I Hee P.E. President and C.E.O.	Decision and Order No. 24238

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, and the Cooperative's Transmission and/or Distribution System (as applicable) to their normal operating state as soon as reasonably practicable following a temporary disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 <u>Interconnection Facilities</u>

- The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Exhibit 2 of this Agreement. The Cooperative shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Cooperative. In the event the Interconnection Customer sufficiently demonstrates to the Cooperative's satisfaction that there are benefits to the Cooperative's system resulting from the system and/or Network Upgrades, the Interconnection Customer shall be entitled to a credit, or reduction. in the Interconnection Customer's share of the cost of the Interconnection Facilities; provided, however, that the amount of said credit or reduction agreed upon between the Interconnection Customer and the Cooperative shall be subject to the receipt of prior Commission approval. The amount of this credit or reduction in the Interconnection Customer's share of the cost of the Interconnection Facilities shall be set forth in Exhibit 2 of this Agreement.
- 4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Cooperative's Interconnection Facilities.

4.1 Distribution Upgrades

The Cooperative shall design, procure, construct, install, and own the Distribution Upgrades described in Exhibit 6 of this Agreement. If the Cooperative and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer.

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Ry: Randall I Hee P.E. President and C.E.O.	Decision and Order No. 24238	

INTERCONNECTION AGREEMENT

4.3 Queue Position

As provided in the Policies and Procedures, the Cooperative shall assign a Queue Position based upon the date- and time-stamp of the Interconnection Request. The Queue Position of each Interconnection Request will be used to determine the cost responsibility for the Upgrades necessary to accommodate the interconnection. The Cooperative shall maintain a single queue per geographic region. At the Cooperative's option, Interconnection Requests may be studied serially or in clusters for the purpose of the system impact study.

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

No portion of this article 5 shall apply unless the interconnection of the Small Generating Facility requires Network Upgrades.

5.2 Network Upgrades

The Cooperative shall design, procure, construct, install, and own the Network Upgrades described in Exhibit 6 of this Agreement. If the Cooperative and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Cooperative elects at its discretion to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne initially by the Interconnection Customer.

Article 6. Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

6.1.1 The Cooperative shall bill the Interconnection Customer for the design, engineering, construction, and producement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties in writing. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties in writing.

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

INTERCONNECTION AGREEMENT

6.1.2 Within three months of completing the construction and installation of the Cooperative's Interconnection Facilities and/or Upgrades described in the Exhibits to this Agreement, the Cooperative shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Cooperative for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Cooperative shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Cooperative within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Cooperative shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Exhibit 4 of this Agreement. A Party's obligations under this provision may be extended by written agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, it shall immediately notify the other Party of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Exhibit 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless (1) it will suffer material uncompensated economic or operational harm from the delay, or (2) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Financial Security Arrangements

At least 20 Business Days prior to the commencement of the design, procurement, installation, or construction of any discrete portion of the Cooperative's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Cooperative, at

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

INTERCONNECTION AGREEMENT

the Interconnection Customer's option, either a guarantee, a surety bond or a letter of credit. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Cooperative's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the Cooperative under this Agreement during its term. In addition:

- 6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Cooperative, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.
- 6.3.2 The letter of credit or surety bond must be issued by a financial institution or insurer reasonably acceptable to the Cooperative and must specify a reasonable expiration date.

Article 7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default

7.1 Assignment

This Agreement may be assigned by either Party upon 15 Business Days prior written notice and opportunity to object by the other Party; provided that:

- 7.1.1 Either Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the Interconnection Customer promptly notifies the Cooperative of any such assignment;
- 7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Cooperative, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will promptly notify the Cooperative of any such assignment.

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

INTERCONNECTION AGREEMENT

7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

7.2 Limitation of Liability

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

7.3 Indemnity

- 7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.
- 7.3.2 The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party. except in cases of gross negligence or intentional wrongdoing by the indemnified Party.
- 7.3.3 If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

Effective: May 22, 2008

Decision and Order No. 24238 and Order filed on June 26, 2008

INTERCONNECTION AGREEMENT

- 7.3.4 If an indemnifying party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.
- 7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying party.

7.4 Consequential Damages

Other than as expressly provided for in this Agreement, neither Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.5 Force Majeure

7.5.1 As used in this article, a Force Majeure Event shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing."

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

INTERCONNECTION AGREEMENT

7.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (Affected Party) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

7.6 Default

- 7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided below, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.
- 7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

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By: Randall J. Hee, President and C.E.O.

Effective: May 22, 2008 Decision and Order No. 24238 and Order filed on June 26, 2008

INTERCONNECTION AGREEMENT

7.6.3 Notwithstanding anything in this Agreement to the contrary, in the event of any Default by the Interconnection Customer that the Cooperative believes may have a material impact on the safety or reliability of the Transmission and/or Distribution System or that may otherwise cause an Emergency Condition or endanger life or property, the Cooperative shall have the immediate right to terminate this Agreement. In that case, the Cooperative shall have the right to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 8. Insurance

- 8.1 The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Cooperative, except that the Interconnection Customer shall show proof of insurance to the Cooperative no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.
- 8.2 The Cooperative agrees to maintain general liability insurance or self-insurance consistent with the Cooperative's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Cooperative's liabilities undertaken pursuant to this Agreement.

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By: Randall J. Hee, President and C.E.O.

KIUC Tariff No. 2 Original Sheet No. 94

Attachment 9 (Continued)

INTERCONNECTION AGREEMENT

8.3 The Parties further agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

Article 9. Confidentiality

- 9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that the Party claiming confidentiality believes, in good faith contains trade secrets or other confidential research, development, commercial, customer usage, financial, vendor or bid information, the unpermitted disclosure or misuse of which could reasonably cause cognizable harm to the Party claiming confidentiality ("Confidential Information"). In providing the Confidential Information, the Party claiming confidentiality shall clearly mark or otherwise designate the information as "Confidential." Notwithstanding the above, all design, system or operating specifications, and metering data provided by or to the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such. In addition, as a condition to providing the Confidential Information, the Party claiming confidentiality may require the other Party to execute a confidentiality or protective agreement on terms mutually acceptable to the Parties setting forth the terms and conditions of the confidentiality arrangement.
- 9.2 Notwithstanding the above, Confidential Information does not include information in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements:
 - 9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

INTERCONNECTION AGREEMENT

9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

Article 10. Disputes.

- 10.1 The Parties agree to attempt to resolve all disputes arising out of this Agreement according to the provisions of this Article 10.
- In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.
- If the dispute has not been resolved within 10 Business Days after receipt of the Notice, either Party shall have the right to request that the Commission serve as an arbiter of last resort. In such an event, the Commission will use an informal expedited process to resolve the dispute within 30 days of the date of the request. In doing so, the Commission shall have the right to authorize its Chairman, or his/her designee (which designee may be another Commissioner, a member of the Commission staff, a Commission hearings officer, or a Commission hired consultant) to take any such action on behalf of the Commission, in consultation with other Commissioners and Commission staff. There shall be no right to hearing or appeal from this informal expedited dispute resolution process.
- 10.4 Notwithstanding the above, each Party also has the option of availing itself of formal relief with the Commission, pursuant to the Commission's applicable Rules of Practice and Procedure, Hawaii Administrative Rules, Chapter 6-61.
- 10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half each of any costs paid to neutral third parties.
- 10.6 If neither Party elects to seek assistance from the Commission, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of the Cooperative's Distributed Generation Interconnection Policies and Procedures.

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

INTERCONNECTION AGREEMENT

Article 11 Taxes

- 11.1 The Parties agree to follow all applicable local state and federal tax laws and regulations, consistent with Internal Revenue Service requirements.
- Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the Cooperative's tax-exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

12.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of Hawaii (i.e., where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties.

12.3 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

12.4 Waiver

12.4.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

Effective: May 22, 2008

Decision and Order No. 24238

and Order filed on June 26, 2008

INTERCONNECTION AGREEMENT

12.4.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement.

Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Cooperative. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

This Agreement, including all Exhibits, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all of which shall constitute one and the same instrument.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

INTERCONNECTION AGREEMENT

12.9 Security Arrangements

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. In recognition of this, the Parties agree to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority.

12.10 Environmental Releases

Each Party shall notify the other Party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Cooperative be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

INTERCONNECTION AGREEMENT

hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national courier service, or sent by certified first class mail, postage prepaid return receipt requested, to the person specified below:

If to the Interconnection Customer:	
Interconnection Customer: Kapaa S	olar LLC
Attention: Kurt Bosshard	
Address: 3144 Elua St.	·
City: Lihue State: HI	Zip: <u>96766</u>
Phone: 808-245-5302 Fax:	
If to the Cooperative:	
Cooperative: Kauai Island Utility C	ooperative
Attention: Mike Yamane	
Address: 4463 Pahe'e Street, Suite 1	
City: <u>Lihue</u> State: <u>Hawa</u>	ii Zip: 96766-2000
Phone: 808-246-4300 Fax	<u>:</u>

Notwithstanding the above, all notices, demands and other communications which are required or which may be given under or in connection with this Agreement shall be in writing and shall be deemed to have been duly given and received when delivered in person or, if mailed, three (3) Business Days after being deposited in the United States mail and postmarked, certified or registered mail, postage prepaid, or, if by facsimile, the Business Day following the facsimile.

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

INTERCONNECTION AGREEMENT

Billing and Payment Billings and payments shall be sent to the addresses set out below:
brings and payments shall be sent to the addresses set out below;
Interconnection Customer: Kapaa Solar LLC
Attention: c/o Bank of Alma
Address: 211 South Main St.
City: Alma State: WI Zip: 54610
Cooperative: Kauai Island Utility Cooperative
Attention: Accounting
Address: 4463 Pahe'e Street, Suite 1
City: Lihue State: Hawaii Zip: 96766-2032
Phone: 808-246-4300 Fax:
Alternative Forms of Notice Any notice or request required or permitted to be given by either Party to the other an not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:
Any notice or request required or permitted to be given by either Party to the other an not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below: If to the Interconnection Customer: Kapaa Solar LLC
Any notice or request required or permitted to be given by either Party to the other an not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below: If to the Interconnection Customer: Interconnection Customer: Kapaa Solar LLC Attention: Kurt Bosshard
Any notice or request required or permitted to be given by either Party to the other an not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below: If to the Interconnection Customer: Interconnection Customer: Kapaa Solar LLC Attention: Kurt Bosshard Address: 3144 Elua St.
Any notice or request required or permitted to be given by either Party to the other an not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below: If to the Interconnection Customer: Interconnection Customer: Kapaa Solar LLC Attention: Kurt Bosshard Address: 3144 Elua St. City: Lihue State: HI Zip: 96766
Any notice or request required or permitted to be given by either Party to the other an not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below: If to the Interconnection Customer: Interconnection Customer: Kapaa Solar LLC Attention: Kurt Bosshard Address: 3144 Elua St. City: Lihue State: HI Zip: 96766 Phone: 808-245-5302 Fax:
Any notice or request required or permitted to be given by either Party to the other an not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below: If to the Interconnection Customer: Interconnection Customer: Kapaa Solar LLC Attention: Kurt Bosshard Address: 3144 Elua St. City: Lihue State: HI Zip: 96766 Phone: 808-245-5302 Fax:
Any notice or request required or permitted to be given by either Party to the other an not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below: If to the Interconnection Customer: Interconnection Customer: Kapaa Solar LLC Attention: Kurt Bosshard Address: 3144 Elua St. City: Lihue State: HI Zip: 96766 Phone: 808-245-5302 Fax: If to the Cooperative: Cooperative: Kauai Island Utility Cooperative
Any notice or request required or permitted to be given by either Party to the other an not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below: If to the Interconnection Customer: Interconnection Customer: Kapaa Solar LLC Attention: Kurt Bosshard Address: 3144 Elua St. City: Lihue State: HI Zip: 96766 Phone: 808-245-5302 Fax: If to the Cooperative: Cooperative: Kauai Island Utility Cooperative Attention: Mike Yamane
Any notice or request required or permitted to be given by either Party to the other an not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below: If to the Interconnection Customer: Interconnection Customer: Kapaa Solar LLC Attention: Kurt Bosshard Address: 3144 Elua St. City: Lihue State: HI Zip: 96766 Phone: 808-245-5302 Fax: If to the Cooperative: Cooperative: Cooperative: Kauai Island Utility Cooperative Attention: Mike Yamane Address: 4463 Pahe'e Street, Suite 1
Any notice or request required or permitted to be given by either Party to the other an not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below: If to the Interconnection Customer: Interconnection Customer: Kapaa Solar LLC Attention: Kurt Bosshard Address: 3144 Elua St. City: Lihue State: HI Zip: 96766 Phone: 808-245-5302 Fax: If to the Cooperative: Cooperative: Kauai Island Utility Cooperative Attention: Mike Yamane

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

INTERCONNECTION AGREEMENT

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

And VAD	ner: Kapaa Solar LLC		_
Attention: Kurt Bossha	ra		
Address: 3144 Elua St.			
City: Lihue	State: HI	Zip: <u>96766</u>	
Phone: 808-245-5302	Fax:		
	esemanye.		
Cooperative's Operating Representation Name: Mike Yamane			
Name: Mike Yamane		Zip: _96766-2032_	

13.5 Changes to the Notice Information

Either Party may change this information by giving five Business Days written notice prior to the effective date of the change.

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

KIUC Tariff No. 2 Original Sheet No. 102

Attachment 9 (Continued)

INTERCONNECTION AGREEMENT

Article 14. Signatures

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

For the Cooperative: KAUAI ISLAND UTILITY COOPERATIVE
Signature: David Brown
Name: David Bissell
Title: Chief Financial Officer and Acting Chief Executive Officer
Date: 10/25/10
For the Interconnection Customer KAPAA SOLAR LLC Signature:
Name: Kurt Bosshard
Title: President
Date: 10/21 0

INTERCONNECTION AGREEMENT

Exhibit 1

GLOSSARY OF TERMS

Allowed Net Capacity - The maximum electrical output of the Interconnection Customer's Small Generating Facility in Megawatts (MW), which is used by the Cooperative for establishing a maximum instantaneous MW output from the Interconnection Customer's Small Generating Facility for planning and operating the Cooperative's system.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Business Day - Monday through Friday, excluding Federal and State Holidays.

Commission - the Hawai'i Public Utilities Commission.

Cooperative – Kauai Island Utility Cooperative, which is the member-owned electric cooperative serving the island of Kauai.

Default – The failure of a breaching Party to perform or comply with any provisions in the Small Generator Interconnection Agreement.

Derate/Deration - Reduction of Allowed Net Capacity.

Distribution System – The Cooperative's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Cooperative's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in intrastate commerce. Distribution Upgrades do not include Interconnection Facilities.

INTERCONNECTION AGREEMENT

GLOSSARY OF TERMS

Good Distributed Generation Practice – Any of the practices, methods and acts engaged in or approved by a significant portion of the distributed generation industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Distributed Generation Practices is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region. Without limiting the generality of the above, Good Distributed Generation Practices shall at all times means actions in compliance with Applicable Laws and Regulations, the National Electric Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements and other applicable national and state codes, standards and requirements, as well as to utilize reasonably best efforts to minimize the likelihood of any disturbance or other impact adversely affecting or impairing the system or equipment of KIUC-from a safety, reliability and/or power quality standpoint.

Good Utility Practice – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, the Cooperative, or any Affiliate thereof.

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

Effective: May 22, 2008

Decision and Order No. 24238 and Order filed on June 26, 2008

INTERCONNECTION AGREEMENT

GLOSSARY OF TERMS

Interconnection Customer – Any entity that proposes to interconnect its Small Generating Facility with the Cooperative's Transmission and/or Distribution System.

Interconnection Facilities – The Cooperative's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Cooperative's Transmission and/or Distribution System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

Interconnection Request – The Interconnection Customer's request, in accordance with the Policies and Procedures, to interconnect a new Small Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Small Generating Facility that is interconnected with the Cooperative's Transmission and/or Distribution System.

Material Modification – A modification that has a material impact on the cost or timing of any Interconnection Request:

NEM – Net Energy Metering

Network Upgrades – Additions, modifications, and upgrades to the Cooperative's Transmission and/or Distribution System required at or beyond the point at which the Small Generating Facility interconnects with the Cooperative's Transmission and/or Distribution System to accommodate the interconnection of the Small Generating Facility with the Cooperative's Transmission and/or Distribution System. Network Upgrades do not include Distribution Upgrades.

Operating Requirements – Any operating and technical requirements that may be applicable due to the control area, or the Cooperative's requirements, including those set forth in Kauai Island Utility Cooperative Small Generator Interconnection Agreement and/or the Policies and Procedures.

INTERCONNECTION AGREEMENT

GLOSSARY OF TERMS

Party or Parties – The Cooperative and the Interconnection Customer, either individually (Party) or together (Parties).

Point of Interconnection – The point where the Interconnection Facilities connect with the Cooperative's Transmission and/or Distribution System.

Policies and Procedures – The document titled Small Generator Interconnection Policies and Procedures (For Distributed Generation Facilities No Larger Than 20 MW).

Queue Position – The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Cooperative.

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the Small Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice or Good Distributed Generation Practice (as applicable) and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Small Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Transmission System - The facilities owned, controlled or operated by the Cooperative

Upgrades – The required additions and modifications to the Cooperative's Transmission and/or Distribution System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

KIUC Tariff No. 2 Original Sheet No. 107

Attachment 9 (Continued)

INTERCONNECTION AGREEMENT

Exhibit 2

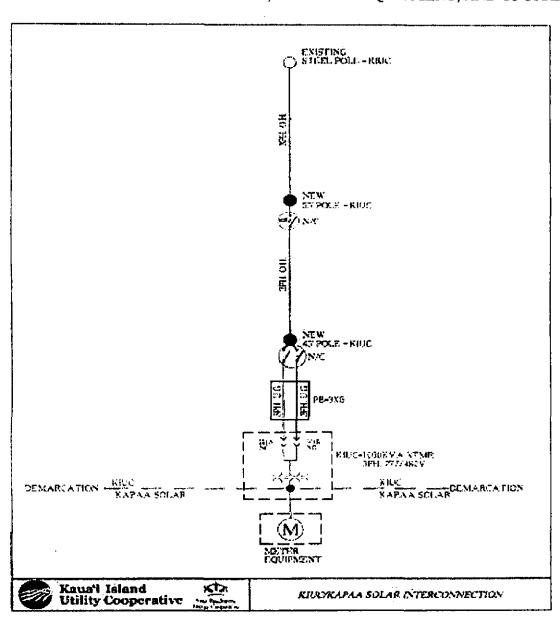
DESCRIPTION AND COSTS OF THE SMALL GENERATING FACILITY, INTERCONNECTION FACILITIES, AND METERING EQUIPMENT

Equipment, including the Small Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer or the Cooperative. The Cooperative will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

INTERCONNECTION AGREEMENT

Exhibit 3

ONE-LINE DIAGRAM DEPICTING THE SMALL GENERATING FACILITY, INTERCONNECTION FACILITIES, METERING EQUIPMENT, AND UPGRADES



Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

Effective: May 22, 2008

Decision and Order No. 24238

and Order filed on June 26, 2008 in Docket No. 2006-0498

KIUC Tariff No. 2 Original Sheet No. 109

Attachment 9 (Continued)

INTERCONNECTION AGREEMENT

	M	ILESTONES	Exhibit 4
Parallel operation In-Service Date	e: <u>12</u>	2/30/2010	
Critical milestones and responsib	oilities as a	greed to by the Parties:	
Milestone	Date	Responsible Party	
LXA executed payment received Interconnection upgrade	10/31/10	Kapaa Solar	
complete	12/1/10	KIUC	
Switchboard complete	12/10/10	Kapaa Solar	
Metering Installed	12/14/10		
Energize testing	12/24/10	KIUC/Kapaa Solar	
Commercial on-line	12/30/10	Kapaa Solar	
Agreed to by:			
KAUAI ISLAND UTILITY CO	OOPERA	TIVE Kapaa Solar III.	
By Stand & Roull		_ ву Д	
Name: David bissel		Name: Kurt Bosshard	
Title: CFO/Acing CE	0	Title: President	
Date: 10/25/16		Date: (0/21/0	
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KIUC Tariff No. 2 Original Sheet No. 110

Attachment 9 (Continued)

INTERCONNECTION AGREEMENT

Exhibit 5

ADDITIONAL OPERATING REQUIREMENTS FOR THE COOPERATIVE'S TRANSMISSION AND/OR DISTRIBUTION SYSTEM NEEDED TO SUPPORT THE INTERCONNECTION CUSTOMER'S NEEDS

The Cooperative shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation and operations test criteria after connecting with the Cooperative's Transmission and/or Distribution System.

- 1. Interconnecting customer's standard operating procedures shall be subject to the Cooperative's review and approval.
- 2. Interconnecting customer shall not alter, modify or otherwise change any protective relay or control characteristics of the facility without KIUC approval.
- 3. Testing of operational criteria before and after parallel operation will be done in accordance with Good Utility Practice.
- 4. Inverter under frequency trip setpoint 57.0 Hz at 0.1 second.
- 5. Inverter undervoltage time delay 2.5 seconds.
- 6. Inverter overvoltage time delay 2.5 seconds.
- 7. Interconnecting customer must be willing and able to generate report of inverter activities based on request by KIUC within 30 days of request.

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

Effective: May 22, 2008

Decision and Order No. 24238 and Order filed on June 26, 2008

INTERCONNECTION AGREEMENT

Exhibit 6

COOPERATIVE'S DESCRIPTION OF ITS UPGRADES AND BEST ESTIMATE OF UPGRADE COSTS

Quantity	Overhead Items	\$/unit	Total
	Labor Cost	\$ -	·\$0.00
		\$	
1	P55-2, 3-Phase Crossarm	5,676.00	\$5, 676.00
1	P45-1, 3-Phase Term Pole with 2 U/G CKTS	\$ -	\$0 .00
1	24" Anchor with guys	\$ - \$	\$0 .00
1	24" Anchor with guys	793.01	\$793.01
	3-Phase, 1/0 AAAC or smaller with 1/0 AAAC for		
100	Neutral	\$ -	\$0.00
	3-Phase, 1/0 AAAC or smaller with 1/0 AAAC for	\$	
125	Neutral	25.00	\$3,125.00
	Subtotal - Overhead		\$9,594.01
Quantity	Underground Items	\$/unit	Total
100	Install 2-3-Phase, 15 CNUG Cable(#2)	\$ - \$	\$0.00
30	Install 2-3-Phase, 15 CNUG Cable(#2)	101.00	\$3,030.00
1	Install 1000KVA.Pad Mt. Transformer	\$ -	\$0.00
6	Install Stanchions	\$ -	\$0.00
1	Install Retaining wall	\$10,000.00	\$10,000.00
	Subtotal - Underground Items	\$13,030.00	
1	Install 3'x5' Pulibox	\$0.00	\$0.00
1	Install Transformer Pad	\$0.00	\$0.00
20	Install U.G. Conduit	\$150.00	\$3,000.00
10	Install U.G. Conduit	\$0.00	\$0.00
	Subtotal - Underground Facilities		\$3,000.00
	TOTAL BUDGET PURPOSE COST		\$25,624.01
	BP Cost plus 10%	_	\$28,186.41
	BP Cost plus 40% for Contractor		\$35,873.61

Issued: July 1, 2008

By: Randall J. Hee, President and C.E.O.

Effective: May 22, 2008

Decision and Order No. 24238

and Order filed on June 26, 2008

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FIRST AMENDMENT TO POWER PURCHASE AGREEMENT

THIS FIRST AMENDMENT TO POWER PURCHASE AGREEMENT (the "Amendment") is made this 3 day of September, 2010, by and between Kaua'i Island Utility Cooperative, a cooperative association formed pursuant to the provision of Chapter 421C of the Hawai'i Revised Statutes, with a place of business at Suite 1, 4463 Pahe'e Street, Lihu'e, Kaua'i, Hawaii 96766 (hereinafter called the "Cooperative") and Kapas Solar LLC, a Hawai'i limited liability company (hereinafter called the "Seller"), with respect to that certain Power Purchase Agreement made August 3, 2010 by and between the Cooperative and the Seller (the "Power Purchase Agreement").

In consideration of the premises and the respective promises contained in the Power Purchase Agreement, the Cooperative and the Seller hereby agree to amend the Power Purchase Agreement as follows:

Paragraph 11 of Appendix A of the Power Purchase Agreement is hereby amended by striking the last sentence thereof, and inserting in its place the following sentence: "The sole member of Kapaa Solar LLC is Kurt Bosshard."

IN WITNESS WHEREOF, the Cooperative and the Seller have executed this Amendment as of the day and year first above written.

Kauai Island Utility Cooperative
("Cooperative")

y: Lann

David J. Wissell

Its: Financial Vice-President/CFO

& Acting CEO

Date:

Kapaa Solar LLC

("Seller")

Ву

urt Bosshard

Its: President

Date:

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SECOND AMENDMENT TO POWER PURCHASE AGREEMENT

THIS SECOND AMENDMENT TO POWER PURCHASE AGREEMENT (the "Amendment") is made this 24" day of September, 2010, by and between Kaua'i Island Utility Cooperative, a cooperative association formed pursuant to the provision of Chapter 421C of the Hawai'i Revised Statutes, with a place of business at Suite 1, 4463 Pahe'e Street, Lihu'e, Kaua'i, Hawaii 96766 (hereinafter called the "Cooperative") and Kapaa Solar LLC, a Hawai'i limited liability company (hereinafter called the "Seller"), with respect to that certain Power Purchase Agreement made August 3, 2010 by and between the Cooperative and the Seller (the "Power Purchase Agreement").

In consideration of the premises and the respective promises contained in the Power Purchase Agreement, the Cooperative and the Seller hereby agree to amend the Power Purchase Agreement as follows:

The cover page of the Power Purchase Agreement is hereby amended by striking the figure and words "1.1844 MW_{pdc} Photovoltaic System," and inserting in its place the following figure and words: "1.2096 MW_{pdc} Photovoltaic System".

Paragraph 7(b) of Appendix A of the Power Purchase Agreement is hereby amended by striking the figure "1184.4 kW_{pDC} " following the words "Total Seller's Facility Capacity:" and inserting in its place the following figure: "1209.6 kW_{pdc} ".

Paragraph 7(b) of Appendix A of the Power Purchase Agreement is hereby amended by striking the figure "5264" preceding the words "REC AE-US 225 Watt photovoltaic modules" and inserting in its place the following figure: "5376".

Paragraph 7(b) of Appendix A of the Power Purchase Agreement is hereby amended by striking the figure "296.1 kW_{pDC} " following the words "Rated Power" under each of the subheadings "Generator No. 1," "Generator No. 2," "Generator No. 3" and "Generator No. 4", inserting in its place the following figure: "302.4 kW_{pdc} ".

Paragraph 7(e) of Appendix A of the Power Purchase Agreement is hereby amended by striking the figure "1184.4"

 $kW_{pdc}{''}$ and inserting in its place the following figure: "1209.6 $kW_{pdc}{''}.$

IN WITNESS WHEREOF, the Cooperative and the Seller have executed this Amendment as of the day and year first above written.

Kauai Island Utility Cooperative
("Cooperative")

By:

David J. Bussell

Its: Financial Vice-President/CFO

& Acting CEO

Date:

Date: | def (C

Kapaa Solar LLC

("Seller")

By:

Kurt Bosshard

Its: President

Date: