

by-case basis taking into account what Distribution System addition(s) would have been deferred or displaced by the Company Interconnection Facilities that resulted from the interconnection of a Generation Facility. The Company would then calculate a dollar value of the deferral or displacement, and propose to credit the Customer for that deferral or displacement value. The Company shall file a letter providing the Commission with sufficient information to document the proposed credit to be provided to the Customer for said deferral or displacement value. The proposed deferral or displacement value would not be credited to the Customer until the Commission approves such credit.

5. Insurance Coverage

- a. In accordance with Commission Decision and Order No. 22248, Docket No. 03-0371, the Company will not impose a standardized insurance requirement for distributed generation projects. However, the Customer is obligated to carry adequate insurance in forms and amounts that are commercially reasonable for each particular situation. The Customer bears responsibility for determining its insurance requirements. Prior to execution of the standard interconnection agreement, the Customer shall disclose if it will be self-insured (and if so its means and capability to self insure) or if it will obtain an insurance policy (and if so in what forms and amounts). The Customer shall provide evidence of such insurance, including insurer's acknowledgement that coverage applies with respect to the standard interconnection agreement, by providing certificates of insurance to the Company prior to any parallel interconnection, or, if insurance is being modified, within 30 days of any change.

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- b. As general guidance, the Company recommends consideration of a commercial general liability policy, covering bodily injury and property damage. The Company also recommends that coverage amounts be considered relative to the nameplate rating of the generator, with higher amounts of coverage for larger generators. Additionally, the Company recommends consideration of the following insurance provisions: (1) naming the Company, its directors, officers, agents, and employees as additional insureds; (2) inclusion of contractual liability coverage for written contracts and agreements including the standard interconnection agreement; (3) inclusion of provisions stating that the insurance will respond to claims or suits by additional insureds against the Customer or any other insured thereunder; and (4) inclusion of provisions that the insurance is primary with respect to the Customer and the Company. The adequacy of the coverage afforded by the insurance should be reviewed by the Customer from time to time, and if it appears in such review that risk exposures require an increase in the coverages and/or limits of this insurance, the Customer should make such increase to that extent.

6. Resolution of Disputes

- a. If there is a dispute between the Customer and the Company as to whether an IRS is required, or as to the scope and cost of the study, then the Company generally would use the following procedures: (1) the Company's Contact Person would inform the Customer of the reasons for and scope of the study required; (2) if the Customer disagrees with the conclusion, then the Customer would meet with representatives from the Company to discuss the matter; (3) if the Customer continues to disagree with the conclusion, then the

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