

NOTICE OF PUBLIC HEARING

APPLICATION OF LAIE WATER COMPANY, INC.
FOR APPROVAL OF RATE INCREASES,
REVISED RATE SCHEDULES, AND CHANGES TO ITS TARIFF

Docket No. 2016-0229

The STATE OF HAWAII PUBLIC UTILITIES COMMISSION ("Commission"), pursuant to Hawaii Revised Statutes §§ 269-12 and 269-16, HEREBY GIVES NOTICE that it will hold a public hearing relating to the Application of LAIE WATER COMPANY, INC. ("LWC"), filed on September 1, 2016 (with Errata to the Application and Exhibits filed on October 7, 2016), for Commission approval of rate increases, revisions of rate schedules, and changes to its tariff. The public hearing will be held as follows:

Monday, November 7, 2016, at 6:00 p.m.

Laie Elementary School Cafeteria
55-109 Kulanui Street
Laie, Oahu

LWC is a public utility that provides water utility services, including the gathering, storage, transmission, distribution, and other provision of water, within its authorized service area in Laie, on the island of Oahu.

LWC seeks the Commission's approval for a January 1, 2017 through December 31, 2017 test year net revenue increase of \$901,953 for its water operations, which amounts to an approximate increase of 79% over the pro forma revenue amount of \$1,145,913 at present rates for the 2017 test year. LWC states that the proposed revenue increase would provide LWC with an opportunity to earn an 8.27% rate of return on its prudently incurred costs for utility assets and its prudently incurred expenses.

LWC seeks a rate increase to the fixed monthly charges and usage charges for its current residential and non-residential customer categories. LWC's proposed rates combine the current residential and non-residential customer categories into a single residential and non-residential customer category. LWC's application states that it seeks to put the proposed water rates into effect upon the date of authorization by the Commission.

LWC's present and proposed charges are as follows:

PRESENT RATES

<u>Residential Service</u>	<u>Present Rate</u> Per month or per 1000 gallons
Monthly Charge Per Customer	\$5.00 per month
Usage Charge – 13,000 or less gallons per month	\$2.66 per 1000 gallons
Usage Charge – Over 13,000 under 30,001 gallons per month	\$3.20 per 1000 gallons
Usage Charge – Over 30,001 gallons per month	\$4.77 per 1000 gallons

<u>Non-Residential Service</u>	<u>Present Rate</u> Per month or per 1000 gallons
Monthly Billing Charge Per Customer	\$5.00 per month
Usage Charge – 13,000 or less gallons per month	\$2.66 per 1000 gallons
Usage Charge – Over 13,000 under 30,001 gallons per month	\$3.20 per 1000 gallons
Usage Charge – Over 30,001 under 400,001 gallons per month	\$4.77 per 1000 gallons
Usage Charge – Over 400,001 gallons per month	\$5.65 per 1000 gallons

PROPOSED RATES

<u>Monthly Water Fixed Meter Charges For All Customer Classes (Residential and Non-Residential Classes)</u>	<u>Proposed Rate</u>
3/4" Meter	\$28.32 per month
1" Meter	\$46.10 per month
1 1/2" Meter	\$90.54 per month
2" Meter	\$143.86 per month
4" Meter	\$446.04 per month
6" Meter	\$890.41 per month
8" Meter	\$1,423.66 per month

<u>Monthly Water Usage Charges For All Customer Classes (Residential and Non-Residential Classes)</u>	<u>Proposed Rate</u>
13,000 or less gallons per month	\$4.99 per 1000 gallons
Over 13,000 under 30,001 gallons per month	\$6.51 per 1000 gallons
Over 30,001 under 75,001 gallons per month	\$7.26 per 1000 gallons
Over 75,001 gallons per month	\$7.79 per 1000 gallons

LWC additionally requests that the Commission: (1) approve LWC's proposed revisions to its Tariff No. 1 ("Tariff") by incorporating a new Section 7.2 of its Rules and Regulations relating to the requirements for contribution-in-aid-of-construction ("CIAC") (the proposed new Section 7.2 replaces the current Section 7.2, regarding the Water System Facilities Charge, and includes information about when, as a condition of receiving service to a New Customer Facility or a Substantially Modified Customer

Facility, a customer or developer may be required to pay a nonrefundable CIAC); (2) amend certain additional Rules and Regulations in its Tariff, including, without limitation, updating the tap-in/connection charge from \$3,100 to \$4,200 for any new or replacement connection; and (3) grant such other and further relief, including any interim rate increase, as may be just, reasonable, and equitable. LWC is not seeking to modify the flat monthly rate or tap-in/connection charge for its flat monthly rate customer .

The Commission will investigate whether the proposals in the Application, including revisions to its rate schedules, are just and reasonable. The total revenue requirement for the 2017 calendar test year will not exceed the \$901,953 amount over revenues at present rates that LWC requests. However, the increase in rates and charges to be finally approved by the Commission, if any, may be higher or lower than LWC's proposed rates and charges noted herein.

Copies of LWC's Application are available for public review through (1) the Commission's electronic Document Management System, accessible at <http://dms.puc.hawaii.gov/dms/>, Docket Quick Link 2016-0229, or (2) at Laie Water Company, Inc. (55-510 Kamehameha Highway, Laie, Hawaii 96762). In addition, copies of LWC's Application are also available for review by contacting the Commission's Honolulu Office [(808) 586-2020], or the Division of Consumer Advocacy [(808) 586-2800].

All interested persons are invited to attend the public hearing to state their views on LWC's Application. Statements may also be mailed to the Public Utilities Commission, 465 South King Street, Room No. 103, Honolulu, Hawaii 96813, or e-mailed to Hawaii.PUC@hawaii.gov. All written statements should reference

Docket No. 2016-0229. Special accommodations for persons with disabilities can be made if requested reasonably in advance by contacting the Commission's Honolulu Office.

Motions to Intervene or Participate in this proceeding shall comply with Subchapter 4, Rules of Practice and Procedure Before the Public Utilities Commission, Hawaii Administrative Rules, Title 6, Chapter 61. A motion to intervene or participate in this proceeding shall be filed with the Commission's Honolulu Office by November 17, 2016.

A handwritten signature in black ink, appearing to read 'R. Iwase', written over a horizontal line.

Randall Y. Iwase
Chair

Honolulu Star-Advertiser
October 15, 22, and 29, and November 5, 2016