

NOTICE OF PUBLIC HEARING

APPLICATION OF HAWAII WATER SERVICE COMPANY, INC.
FOR A GENERAL RATE INCREASE FOR ITS
PUKALANI WASTEWATER DIVISION AND
FOR APPROVAL OF REVISIONS TO ITS TARIFF

Docket No. 2015-0236

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 HAWAII WATER SERVICE COMPANY, INC. ("HWSC"), filed on December 9, 2016, as amended on December 16, 2016, for Commission approval of a general rate increase for its Pukalani Wastewater Division and for approval of revisions to its tariff. The public hearing will be held as follows:

Thursday, March 16, 2017, at 6:00 p.m.
Pukalani Elementary School Cafeteria
2945 Iolani Street
Pukalani, Maui, Hawaii 96768

HWSC, through its Pukalani Wastewater Division, is a public utility that provides wastewater collection and treatment services to residential, commercial, and governmental customers located within its service territory in Pukalani, Maui.

HWSC seeks the Commission's approval for a January 1, 2017 through December 31, 2017 test year net revenue increase of \$1,275,598 for its operations, which amounts to an approximate increase of 113.5% over the pro forma revenue amount of \$1,123,833 at present rates for the 2017 test year, to be phased in over a period of five years. HWSC alleges that the proposed revenue increase would provide HWSC with

an opportunity to earn a 7.75% rate of return on its prudently incurred sewer system improvements.

HWSC Pukalani Wastewater Division's present and proposed charges are as follows:

PROPOSED RATE PHASE-IN											
<u>Monthly Sewer Fees</u>	<u>Present Rates</u>	<u>Year 1</u>		<u>Year 2</u>		<u>Year 3</u>		<u>Year 4</u>		<u>Year 5</u>	
Residential	\$62.17	\$55.22	-11.2%	\$68.12	23.4%	\$81.07	19.0%	\$94.06	16.0%	\$101.08	7.5%
Commercial											
Fixed Charge by meter size											
5/8"	\$ -	\$16.12	100.00%	\$16.12	0.0%	\$16.12	0.0%	\$16.12	0.0%	\$16.12	0.0%
3/4"	\$ -	\$16.12	100.00%	\$16.12	0.0%	\$16.12	0.0%	\$16.12	0.0%	\$16.12	0.0%
1"	\$ -	\$32.24	100.00%	\$32.24	0.0%	\$32.24	0.0%	\$32.24	0.0%	\$32.24	0.0%
1 1/2"	\$ -	\$48.36	100.00%	\$48.36	0.0%	\$48.36	0.0%	\$48.36	0.0%	\$48.36	0.0%
2"	\$ -	\$80.60	100.00%	\$80.60	0.0%	\$80.60	0.0%	\$80.60	0.0%	\$80.60	0.0%
3"	\$ -	\$274.05	100.00%	\$274.05	0.0%	\$274.05	0.0%	\$274.05	0.0%	\$274.05	0.0%
4"	\$ -	\$274.05	100.00%	\$274.05	0.0%	\$274.05	0.0%	\$274.05	0.0%	\$274.05	0.0%
6"	\$ -	\$274.05	100.00%	\$274.05	0.0%	\$274.05	0.0%	\$274.05	0.0%	\$274.05	0.0%
Quantity Rate	\$8.5786	\$11.0784	29.1%	\$13.7276	23.9%	\$16.3882	19.4%	\$19.0559	16.3%	\$20.4990	7.6%
Public Authority											
Government/ Education	\$758.16	\$ -	-100.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Government/ Recreation	\$172.31	\$215.39	25.0%	\$258.47	20.0%	\$301.54	16.7%	\$344.62	14.3%	\$367.89	6.8%
Effluent	\$0.55	\$0.55	0.0%	\$0.55	0.0%	\$0.55	0.0%	\$0.55	0.0%	\$0.55	0.0%

As part of its Application, HWSC also requests that the Commission approve HWSC's request to replace the existing Power Cost Adjustment Clause with a Power Cost Charge, which would include all electrical costs and would be shown as a separate

line item on the customer's bill. The proposed Power Cost Charge is as follows:

$$\text{Power cost factor} = \frac{\text{previous month electricity cost}}{\text{previous month revenues less effluent revenues}} \times \text{tax factor}$$

where the tax factor is 1.06385.

HWSC additionally requests that the Commission (1) approve modifications to the terms of HWSC's Tariff No. 1 ("Tariff"), including revisions to Rule XIV governing Contributions in Aid of Construction, adopting a new Rule XV governing System Extensions (to be consistent with changes made to HWSC-owned utilities' tariffs in other dockets), and removing the service application form from its Tariff; (2) approve HWSC's request to replace its existing unit depreciation rates with group depreciation rates; and (3) grant such other and further relief as may be just and reasonable under the circumstances, including any interim rate increase.

The Commission will investigate whether the proposals in the Application, including revisions to HWSC's rate schedules, are just and reasonable. The total revenue requirement for the 2017 calendar test year will not exceed the \$1,275,598 amount over revenues at present rates that HWSC requests. However, changes to rates and charges that are finally approved by the Commission, if any, may be higher or lower than HWSC's proposed rates and charges herein.

The foregoing is a brief summary of the requests included in HWSC's Application. Copies of HWSC's Application are available for public review through the Commission's electronic Document Management System, accessible at <http://dms.puc.hawaii.gov/dms/>, Docket Quick Link 2015-0236. In addition, copies of HWSC's Application are also available for review by contacting HWSC [(808) 883-2046],

the Commission's Maui Office [(808) 984-8182] or 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 HWSC'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. 2015-0236. 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 March 28, 2017.



Randall Y. Iwase
Chair

Maui News
February 22, 2017; March 1, 8, and 15, 2017