

NOTICE OF PUBLIC HEARING

APPLICATION OF WAIKOLOA RESORT UTILITIES, INC., DBA
WEST HAWAII UTILITY COMPANY, FOR A GENERAL RATE CASE AND
FOR APPROVAL OF REVISIONS TO ITS TARIFF RULES

Docket No. 2017-0350

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 WAIKOLOA RESORT UTILITIES, INC., dba WEST HAWAII UTILITY COMPANY ("WHUC"), filed on December 29, 2017, with revisions filed on January 11, 2018, February 12, 2018, March 8, 2018, March 27, 2018, and April 6, 2018, for Commission approval of a general rate increase and revisions to its tariff, based on a 2018 test year. The public hearing will be held as follows:

Thursday, June 7, 2018, at 6:00 p.m.*
Waikoloa Elementary & Middle School cafeteria
68-1730 Ho'oko Street
Waikoloa, Hawaii

*Note: The public hearing will coincide with the public hearings for: (1) In re Waikoloa Sanitary Sewer Co., Inc., dba West Hawaii Sewer Company, Docket No. 2017-0449, involving West Hawaii Sewer Company's application seeking the Commission's approval of a general rate increase and revisions to its tariff; and (2) In re Waikoloa Water Co., Inc., dba West Hawaii Water Company, Docket No. 2017-0450, involving West Hawaii Water Company's application seeking the Commission's approval of a general rate increase and revisions to its tariff.

WHUC is a public utility that provides water and wastewater services to condominiums, hotels, and other commercial establishments in the Waikoloa Beach Resort area on the island of Hawaii. WHUC also provides irrigation water service to two golf courses within Waikoloa Beach Resort.

For its water, wastewater, and irrigation services, WHUC requests Commission approval as follows: (1) for its water service, WHUC requests an increase in revenues of \$184,165, i.e., approximately 4.4% over revenues at present rates; (2) for its wastewater

service, WHUC requests an increase in revenues of \$1,712,822, i.e., approximately 46.3% over revenues at present rates; and (3) for its irrigation service, WHUC requests an increase in revenues of \$48,776, i.e., approximately 15.8% over revenues at present rates.

WHUC, in effect, seeks a net total revenue increase of \$1,945,763 for its water, wastewater, and irrigation water operations (WHUC's "consolidated operations"), which amounts to an approximate increase of 23.6% over the pro forma revenue amount of \$8,232,802 at present rates for the 2018 test year. WHUC represents that the proposed revenue increase would provide WHUC with an opportunity to earn a 7.75% rate of return.

WHUC's present and proposed charges are as follows:

WATER SERVICE RATES

Monthly Standby Charge-General Services

(per installed meter)

<u>Meter Size</u> <u>(inches)</u>	<u>Present Charge</u>	<u>Proposed Charge</u>	<u>Increase</u>
5/8"	\$9.43	\$18.05	91.4%
3/4"	\$9.43	\$18.05	91.4%
1"	\$18.08	\$34.60	91.4%
1-1/2"	\$31.70	\$60.66	91.4%
2"	\$43.24	\$82.75	91.4%
3"	\$86.48	\$165.49	91.4%
4"	\$144.13	\$275.82	91.4%
6"	\$288.28	\$551.67	91.4%
8"	\$518.89	\$992.98	91.4%

Monthly Standby Charge-Private Fire Services

(per installed meter)

<u>Meter Size (inches)</u>	<u>Present Charge</u>	<u>Proposed Charge</u>	<u>Increase</u>
4"	\$144.13	\$275.82	91.4%
6"	\$288.28	\$551.67	91.4%
8"	\$518.89	\$992.98	91.4%

Monthly Consumption Charge

(per 1,000 gallons of water)

<u>Present Charge</u>	<u>Proposed Charge</u>	<u>Increase</u>
\$2.10	\$2.2099	5.2%

SEWER SERVICE RATES

Monthly Sewer Fees

	<u>Present Charge</u>	<u>Proposed Charge- Year One</u>	<u>Increase</u>	<u>Proposed Charge- Year Two</u>	<u>Increase</u>
Residential- Condo/Hotel (per dwelling unit)	\$12.87	\$17.60	36.7%	\$20.88	18.7%
Commercial (per connection)	\$30.28	\$41.40	36.7%	\$49.12	18.7%

Quantity Charge

(per 1,000 gallons of metered water consumption)

<u>Present Charge</u>	<u>Proposed Charge- Year One</u>	<u>Increase</u>	<u>Proposed Charge- Year Two</u>	<u>Increase</u>
\$2.55	\$3.1755	24.5%	\$3.7679	18.7%

IRRIGATION SERVICE RATES

Irrigation Consumption Charge

(per 1,000 gallons of water)

<u>Present Charge</u>	<u>Proposed Charge</u>	<u>Increase</u>
\$0.1232	\$0.1900	54.2%

As part of its Application, WHUC also requests that the Commission approve modifications to WHUC's Tariff No. 1 ("Tariff"), including (1) revisions to Sections 7 and E-4 of Rule XI, governing Contribution in aid of Construction ("CIAC"), to provide that the amount of CIAC for water service would be determined based on a formula to determine an applicant's fair share of the cost of the improvements required to serve its project; and (2) removing the service application form, currently included as Exhibit B to the Tariff, from its Tariff.

WHUC proposes to revise its pump efficiency factor to reflect the most recent changes to the cost to pump water in the Waikoloa Water system, as follows: (1) for water service from 5.63 kWh per thousand gallons ("TG") to 5.5132 kWh per TG; and (2) for irrigation service from 0.5337 kWh per TG to 0.4249 kWh per TG.

WHUC additionally requests that the Commission (1) approve WHUC's request to replace its existing unit depreciation rates with group depreciation rates; (2) approve WHUC's request to file annual, rather than quarterly, energy use and efficiency reports; and (3) grant such other and further relief as may be just and reasonable under the circumstances, including any interim rate increase.

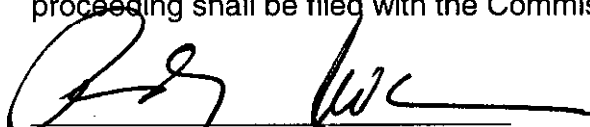
The Commission will investigate whether the proposals in the Application, including revisions to WHUC's rate schedules, are just and reasonable. The total revenue requirement for the 2018 calendar test year will not exceed the \$1,945,763 amount over revenues at

present rates that WHUC requests. However, changes to rates and charges that are finally approved by the Commission, if any, may be higher or lower than WHUC's proposed rates and charges herein. Changes to rates and charges, if any, would go into effect upon the date of authorization by the Commission.

The foregoing is a brief summary of the requests included in WHUC's Application. Copies of WHUC'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 2017-0350. In addition, copies of WHUC's Application are also available for review by contacting WHUC [(877) 886-7784], the Commission's Hawaii District Office [(808) 974-4533] 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 WHUC'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. 2017-0350. 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 June 18, 2018.



Randall Y. Iwase
Chair

Hawaii Tribune-Herald: May 16, 23, 30; June 6, 2018
West Hawaii Today: May 16, 23, 30; June 6, 2018