

NOTICE OF PUBLIC HEARING

APPLICATION OF KONA WATER SERVICE COMPANY, INC., FOR A GENERAL RATE INCREASE AND FOR APPROVAL OF REVISIONS OF ITS TARIFF

Docket No. 2018-0388

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 KONA WATER SERVICE COMPANY, INC., ("KWSC"), filed on February 28, 2019, with amendments filed on April 2, 2019, for Commission approval of a general rate increase and revisions of its tariff, based on a 2019 calendar year test year ("Application"). The public hearing will be held as follows:

Thursday, May 30, 2019 at 5:00 p.m.

West Hawaii Civic Center
County Council Chambers
74-5044 Ane Keohokalole Highway
Kailua-Kona, Hawaii 96740

KWSC is a Hawaii corporation and a public utility which holds a CPCN to provide water and sewer services to a master planned community known as the Kukio Beach Club in North Kona, island of Hawaii; an adjacent residential development known as Manini'owali; and the Kua Bay Beach Park (also known as the Kekaha Kai State Park). KWSC also provides untreated bulk water to: (1) the Kukio Golf & Beach Club and (2) the West Hawaii Veteran's Cemetery. In addition, KWSC is also authorized to provide potable water service only (no sewer service) to the planned four-lot Kukio Mauka subdivision and the adjacent planned five-lot Stroud subdivision.

KWSC seeks the commission's review and approval for a January 1, 2019 through December 1, 2019 test year ("Test Year") net increase in revenue of \$660,216 for its water and sewer operations (KWSC's "consolidated operations"). The changes or increases proposed by KWSC will amount to an approximately 12.3% increase from the pro forma revenue amount of \$5,348,358 at present rates for the Test Year. The proposed increase is comprised of proposed increases of: (1) \$452,560, or approximately 12.8%, for water service; and (2) \$207,656, or approximately 11.4%, for sewer service. If approved, the requested increase would provide KWSC the opportunity to earn a 7.48% rate of return.

KWSC's present and proposed charges are as follows:

WATER SERVICE RATES

Monthly Meter Charge by Meter Size

<u>Meter Size</u>	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Percent Increase</u>
5/8"	\$13.80	\$15.57	12.8%
3/4"	\$ -	\$15.57	100.0%
1"	\$26.40	\$29.85	13.1%
1-1/2"	\$46.20	\$52.34	13.3%
2"	\$63.10	\$71.39	13.1%
3"	\$63.10	\$142.79	126.3%
4"	\$166.40	\$237.97	43.0%
6"	\$166.40	\$475.98	186.0%
8"	\$166.40	\$856.74	414.9%

Monthly Ready to Serve Charge Per Installed Meter

(includes usage up to 10,000 gallons per month)

	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Percent Increase</u>
Residential	\$356.40	\$386.76	8.5%
Cottages	\$267.30	\$290.07	8.5%
Business	\$356.40	\$386.76	8.5%

Quantity Charge

(per 1,000 gallons of water consumption)

	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Percent Increase</u>
0 - 10,000 gallons	\$ -	\$ -	0.0%
10,000 - 29,999 gallons	\$3.3688	\$3.6558	8.5%
30,000 - 74,999 gallons	\$6.2063	\$6.7349	8.5%
75,000 gallons and over	\$9.0438	\$9.8141	8.5%

Bulk Interruptible Rate

(per 1,000 gallons of untreated water)

<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Percent Increase</u>
\$2.3069	\$2.5034	8.5%

SEWER SERVICE RATES

Monthly Stand-by Charge

	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Percent Increase</u>
Residential - per dwelling unit per month	\$470.75	\$528.72	12.3%
Commercial - per connection per month	\$470.75	\$528.72	12.3%

Monthly Quantity Charge

(per 1,000 gallons of domestic water consumption up to 7,000 gallons per month for residential customers and for business customers up to 1" and 40% of metered water consumption for business customers with meters greater than 1")

<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Percent Increase</u>
\$21.2315	\$23.8461	12.3%

As part of its Application, KWSC also requests that the commission approve the removal of the service application form from its tariff. The form is currently included as Exhibit B to the Tariff.

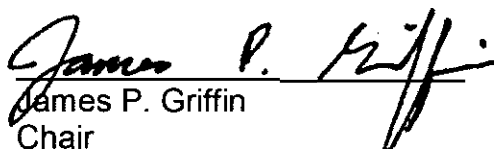
KWSC also proposes to revise its pump efficiency factor for its Power Cost Charge, to reflect the most recent changes to the cost to pump water in the KWSC water system. Specifically, KWSC requests to change the pump efficiency factor from 18.7100 to 22.4602 kWh per thousand gallons.

KWSC additionally requests that the Commission: (1) approve KWSC's request to replace its existing unit depreciation rates with group depreciation rates and (2) grant such other relief, including any interim rate increase, as may be just and reasonable under the circumstances.

The Commission will investigate whether the proposals in the Application, including revisions to KWSC's rate schedules, are just and reasonable. The total revenue requirement for the Test Year will not exceed the \$660,216 amount over revenues at present rates that KWSC requests. However, changes to rates and charges that are finally approved by the Commission, if any, may be higher or lower than KWSC'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 KWSC's Application. Copies of KWSC's Application are available for public review through the Commission's electronic Document Management System, accessible at <http://dms.puc.hawaii.gov/dms/>. In addition, copies of KWSC's Application are also available for review by contacting 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 KWSC'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 puc.comments@hawaii.gov. All written statements should reference Docket No. 2018-0388. Motions to intervene or participate in this proceeding must comply with Subchapter 4, Rules of Practice and Procedure Before the Public Utilities Commission, Hawaii Administrative Rules, Title 16, Chapter 601, and must be filed with the Commission's Honolulu Office by Monday, June 10, 2019. Special accommodations for persons with disabilities can be made if requested reasonably in advance by contacting the Commission's Honolulu Office.


James P. Griffin
Chair

Hawaii Tribune-Herald: May 8, 15, 22, and 29, 2019
West Hawaii Today: May 8, 15, 22, and 29, 2019