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COMMISSIONER

**STATE OF HAWAII
PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE**

465 S. KING STREET, #103
HONOLULU, HAWAII 96813

e-mail: Hawaii.PUC@hawaii.gov

Telephone: (808) 586-2020
Facsimile: (808) 586-2066

DEPT. COMM. NO. 1

October 18, 2011

The Honorable Shan S. Tsutsui
President of the Senate
State Capitol, Room 409
415 South Beretania Street
Honolulu, Hawaii 96813

The Honorable Calvin K.Y. Say
Speaker of the House
State Capitol, Room 431
415 South Beretania Street
Honolulu, Hawaii 96813

Re: PUC Docket No. 2009-0049 -- Application of Wai`ola O Moloka`i. for Approval of Rate Increases; Revised Rate Schedules; and Revised Rules

Dear President Tsutsui and Speaker Say:

The Public Utilities Commission ("Commission") issued its Decision and Order in the above-referenced docket on February 8, 2011, a copy of which is enclosed. In connection thereto, the Commission respectfully submits this report in accordance with Hawaii Revised Statutes ("HRS") § 269-16(d). Please excuse the delay in submitting this report as the oversight was just recently noted.

With respect to a public utility's completed rate case application filed with the Commission, HRS § 269-16(d) states in relevant part:

(d) The commission shall make every effort to complete its deliberations and issue its decision as expeditiously as possible and before nine months from the date the public utility filed its completed application; provided that in carrying out this mandate, the commission shall require all parties to a proceeding to comply strictly with procedural time schedules that it establishes. If a decision is rendered after the nine-month period, the commission shall report in writing the reasons therefor to the legislature within thirty days after rendering the decision.

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. . . if the commission has not issued its final decision on a public utility's rate application within the nine-month period stated in this section, the commission, within one month after the expiration of the nine-month period, shall render an interim decision allowing the increase in rates, fares, and charges, if any, to which the commission, based on the evidentiary record before it, believes the public utility is probably entitled. The commission may postpone its interim rate decision for thirty days if the commission considers the evidentiary hearings incomplete....

The nine-month period in this subsection shall begin only after a completed application has been filed with the commission and a copy served on the consumer advocate The consumer advocate may, within twenty-one days after receipt, object to the sufficiency of any application, and the commission shall hear and determine any objection within twenty-one days after it is filed.

HRS §269-16(d).

The Parties to this rate case proceeding are Wai'ola O Moloka'i. ("WOM"); Molokai Properties Limited, dba Molokai Ranch ("MPL"); the County of Maui ("County"); and the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate"), an ex officio party to this proceeding pursuant to HRS § 269-51 and Hawaii Administrative Rules § 6-61-62(a). WOM is a public utility that provides water service to customers in the Maunaloa, Kualapuu, Kipu, Manawainui, and the Molokai Industrial Park areas on the island of Molokai. WOM is ultimately a wholly-owned subsidiary of MPL.

On June 29, 2009, WOM filed its completed amended application ("Amended Application"), requesting approval of rate increases and revised rate schedules and rules. On September 3, 2009, the Commission held a public hearing on the island of Molokai regarding WOM's amended Application. By an order issued on October 16, 2009, the Commission granted the County's motion to intervene in the proceeding as a party and, on our own motion, named MPL as a party to the docket.

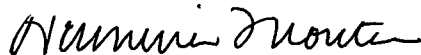
Given the filing date of the Amended Application, the Commission's nine-month deadline for the issuance of a final decision was March 29, 2010. However, the proposed Stipulated Prehearing Order submitted by the Parties on October 28, 2009, which the Commission approved with modifications, included various deadlines including those for a prehearing conference and evidentiary hearing that could only

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reasonably occur after the nine-month deadline of March 29, 2010.¹ The evidentiary hearing regarding WOM's Amended Application was held on May 19 and 20, 2010. Thus, the Parties effectively waived the requirement that the Commission issue a final order within the nine-month period under HRS § 269-16(d). In addition, the Parties subsequently requested to continue certain matters and reset certain deadline dates, such that there was no strict compliance with the procedural time schedules established by the Commission in this proceeding. For these reasons, the Commission was unable to issue its final decision within the nine-month period set forth in HRS §269-16(d).

Thank you for the opportunity to submit this report. Should you have any questions regarding this matter, please contact me at 586-2020 or Ji Sook ("Lisa") Kim, Commission Counsel, at 586-2013.

Sincerely,



Hermina Morita
Chair

HM:LK:cp

Enclosure

c: James J. Bickerton, Esq., MPL (w/o enclosure)
Michael H. Lau, Esq./Yvonne Y. Izu, Esq., WOM
(w/o enclosure)
Division of Consumer Advocacy (w/o enclosure)
Margery S. Bronster, Esq./Rex Y. Fujichaku, Esq., County of Maui
(w/o enclosure)

¹See Order Approving Proposed Procedural Order, as Modified, filed on November 6, 2009, in Docket No. 2009-0049.