

NEIL ABERCROMBIE
GOVERNOR



DEPT. COMM. NO. 60

HELENA MORITA
CHAIR

JOHN E. COLE
COMMISSIONER

MICHAEL E. CHAMPLEY
COMMISSIONER

STATE OF HAWAII
PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
465 S. KING STREET, #103
HONOLULU, HAWAII 96813

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

e-mail: Hawaii.PUC@hawaii.gov

January 11, 2012

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

12 JAN 13 12:04

RECEIVED
SENATE
OFFICE OF THE PRESIDENT

Re: Docket No. 2009-0310, Hawaii Water Service Co., Inc./Ka'anapali Division –
Application for Approval of a General Rate Increase and Other Related Matters

Dear Senate President Tsutsui and House Speaker Say:

The Public Utilities Commission ("Commission") respectfully submits this report in accordance with Hawaii Revised Statutes ("HRS") § 269-16(d). 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.

. . . . 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

HRS § 269-16(d) (emphasis added).

The Parties in this rate case proceeding are Hawaii Water Service Company, Inc. ("HWSC") and the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy, an ex officio party, pursuant to HRS § 269-51 and Hawaii Administrative Rules § 6-61-62(a). HWSC is a public utility that provides potable water service to resort and residential developments within its Ka`anapali service area on the island of Maui (i.e., its Ka`anapali Division).

By way of procedural background:

1. On December 30, 2010, HWSC filed its completed application for a general rate increase and other related matters, based on the 2011 test year ("Test Year").
2. On December 19, 2011, the Parties filed their Stipulation in Lieu of an Evidentiary Hearing ("Stipulation"), which represented their global settlement of all the issues in this proceeding. Based on its review of the Stipulation, the Commission issued information requests to HWSC, to which it responded on December 28, 2011.
3. On January 11, 2012, the Commission issued its Decision and Order No. 30103, approving an increase of \$1,202,510, or approximately 30.8% over revenues at present rates for HWSC, based on a total Test Year revenue requirement of \$5,109,995. In so doing, the Commission approved in part the Parties' Stipulation, as corrected by the Commission. The Commission, in approving the Stipulation in part, instructed the

The Honorable Shan S. Tsutsui
The Honorable Calvin K.Y. Say
January 11, 2012
Page 3

Parties to re-file their proposed stipulated rate design with a step-by-step explanation of the methodology they utilize in calculating said rate design. A copy of the Commission's Decision and Order No. 30103 is enclosed for your information.

Initially, the nine-month deadline for the Commission to make every effort to complete its deliberations and issue its decision and order was September 30, 2011, or at a minimum, its interim decision and order by October 30, 2011. However, due to the Parties' on-going settlement discussions, the Commission approved numerous requests for extensions of time, ultimately until December 19, 2011, for the Parties to file their settlement agreement, if any. On December 19, 2011, the Parties filed their global settlement, i.e., the Stipulation.

As a result, HWSC, in effect: (1) waived the Commission's issuance of its decision and order by September 30, 2011; and (2) voluntarily extended the deadline date for the Commission to issue its interim decision and order, if any, from October 30, 2011 to January 11, 2012.¹

¹See Order Approving the Parties' Request, Filed on August 31, 2011, to Amend the Procedural Schedule, filed on September 2, 2011 (HWSC voluntarily extended the ten-month deadline set forth in HRS § 269-16(d) that the Commission issue an interim decision and order, if any, by two weeks, i.e., from October 30, 2011 to November 14, 2011); Order Approving the Division of Consumer Advocacy's Request, Filed on October 6, 2011, to Amend the Procedural Schedule, filed on October 11, 2011 (HWSC further extended the deadline for the Commission to issue an interim decision and order, if any, by nine days, from November 14, 2011 to November 23, 2011); Order Approving Hawaii Water Service Company, Inc.'s Request, Filed on October 26, 2011, to Amend the Procedural Schedule, filed on November 1, 2011 (HWSC further extended the deadline for the Commission to issue an interim decision and order, if any, by two weeks, from November 23, 2011 to December 7, 2011); Order Approving Hawaii Water Service Company, Inc.'s Request, Filed on November 10, 2011, to Amend the Procedural Schedule, filed on November 15, 2011 (HWSC further extended the deadline for the Commission to issue an interim decision and order, if any, by four weeks, from December 7, 2011 to January 4, 2012); and Order No. 30014, Approving the Consumer Advocate's Request, Filed on December 9, 2011, to Amend the Procedural Schedule, filed on December 14, 2011 (HWSC further extended the deadline for the Commission to issue an interim decision and order, if any, by one week, from January 4, 2012 to January 11, 2012).

The Honorable Shan S. Tsutsui
The Honorable Calvin K.Y. Say
January 11, 2012
Page 4

While the deadline for the Commission to issue its interim decision and order was January 11, 2012, the Commission issued its Decision and Order No. 30103 by the same date. Such action rendered moot the issuance of an interim decision and order by January 11, 2012.

In summary, based on the Parties' actions, including HWSC's explicit waiver, the Commission was unable to issue its final decision by September 30, 2011, i.e., 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 Michael Azama, Commission Counsel, at 586-2033.

Sincerely,



Hermina Morita
Chair

HM:MA:cp

Enclosure

c: Wray H. Kondo, Esq./Pamela J. Larson, Esq., counsel for HWSC
(w/o enclosure)
Jeffrey T. Ono, Division of Consumer Advocacy
(w/o enclosure)