

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
)
 KAPALUA WATER COMPANY, LTD.)
)
 For Approval of Expansion of its)
 Service Territory.)
 _____)

DOCKET NO. 03-0411

DECISION AND ORDER NO. 21057

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DIV. OF CONSUMER ADVOCACY
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
STATE OF HAWAII

Filed June 14, 2004
At 1 o'clock P. .M.

Kari Holman
for Chief Clerk of the Commission

ATTEST: A True Copy
KAREN HIGASHI
for Chief Clerk, Public Utilities
Commission, State of Hawaii.

Michelle S. M. Kan

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
KAPALUA WATER COMPANY, LTD.) Docket No. 03-0411
For Approval of Expansion of its) Decision and Order No. 21057
Service Territory.)
_____)

DECISION AND ORDER

I.

Application

KAPALUA WATER COMPANY, LTD. ("Applicant") filed an application on December 9, 2003 requesting commission approval to expand its existing service territory to provide both potable and non-potable water utility service to certain additional properties under its existing certificate of public convenience and necessity ("CPCN"). Applicant makes its request in accordance with Hawaii Revised Statutes ("HRS") §§ 269-7.5 and 269-16.¹

Applicant served copies of the application on the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate"). On April 26, 2004, the Consumer Advocate submitted information requests ("IRs") to Applicant. Applicant filed responses to these IRs on May 7, 2004. On May 26, 2004, the Consumer Advocate submitted its statement of

¹Applicant also submits with its application, in satisfaction of Hawaii Administrative Rules ("HAR") § 6-61-75, and incorporated by reference as provided in HAR § 6-61-76, its unaudited financial statements, submitted on or about March 27, 2003.

position ("SOP") in which it stated that it did not object to the commission's approval of the instant application. No persons moved to intervene in this proceeding.

II.

Background

A.

Applicant is a public utility providing water utility service in the Kapalua area of Maui, Hawaii. It is a wholly owned subsidiary of Maui Land & Pineapple Company, Inc. ("ML&P"). Applicant's provision of water utility service is in accordance with its CPCN issued by the commission in Decision and Order No. 4813, filed on September 2, 1977, in Docket No. 3157.

Applicant seeks to expand its service territory to include: (1) a portion of Honolua Ridge consisting of approximately twenty-five (25) single family residences and appurtenant common areas situated on approximately 189.774 acres of land; (2) 9.963 acres of land located at Hawea Point housing a single family residence; (3) Alaelae Point property, consisting of approximately 3.45 acres on which will sit a single family residence; and (4) 6.5 acres of land at Kalaepiha Point (together with Honolua Ridge, Hawea Point and Alaelae Point, "Properties"), on which will sit a single family residence.

Applicant asserts that the owners of the Properties requested that Applicant provide potable and non-potable water service for the respective properties. Applicant is willing to provide such water service to the Properties in view of the owners'

need for water service and the proximity of the Properties to Applicant's existing service territory. Moreover, Applicant is unaware of any other water utility company able to provide water service to the Properties.²

Applicant also proposes to amend its Rules and Regulations to reflect the change in service territory, including a new attachment to its Rules and Regulations with a map of the existing and new service area.

B.

Pursuant to that certain Water Sale Agreement ("Agreement") entered into between Applicant and ML&P,³ Applicant has the right to draw up to one million gallons per day of potable water from two (2) of ML&P's wells.⁴ Additionally, Applicant has the capacity to provide approximately 7.2 million gallons per day of non-potable irrigation water through its transmission line.⁵ Applicant will provide water service to the Properties by means of transmission lines, service laterals and accessory equipment to be installed by the respective property owners and connected to Applicant's existing facilities. Applicant states that all facilities installed by the property owners outside of the

²See Application at 4.

³The Agreement was approved by the commission in Decision and Order No. 12618, filed on September 23, 1993, in Docket No. 7683.

⁴See Application at 5.

⁵Id.

Properties will be dedicated and transferred to Applicant.⁶ Finally, Applicant states that it can provide this additional service to the Properties and maintain the quality of service provided to its existing customers without any rate impact.⁷

III.

Consumer Advocate

The Consumer Advocate does not object to the commission's approval of Applicant's request to expand its service area. After a review of the application and Applicant's responses to the IRs, it has determined that Applicant has sufficient capacity to expand its service territory in addition to supplying its existing customers with water service, and that the expansion of its water service to the Properties will not negatively impact the existing customers. In addition, the Consumer Advocate is satisfied that the revenues expected to be generated by the owners of the Properties should offset any expenses incurred by Applicant related to the expansion.

IV.

Findings and Conclusions

The commission finds that Applicant is fit, willing, and able to provide the expanded water utility service to the Properties, and that the provision of this service is required by

⁶See Application at 6.

⁷See Application at 6.

the present or future public convenience and necessity, pursuant to HRS § 269-7.5. The commission also finds that Applicant has satisfied the requirements of HAR § 6-61-75 with its filing, on or about March 27, 2003, of its unaudited financial statements. Accordingly, the commission concludes that Applicant's request for approval of its expanded service territory should be approved.

V.

Orders

THE COMMISSION ORDERS:

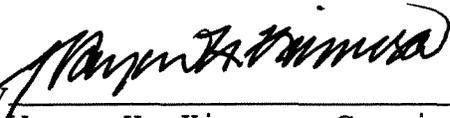
1. Applicant's application, filed on December 9, 2003, for commission approval to expand Applicant's service area, is approved. Applicant's new service territory is reflected in Rule II of its Rules and Regulations, accompanied by an amended Exhibit I which includes Applicant's expanded service territory.

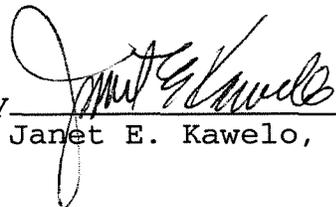
2. Applicant shall promptly file with the commission its revised tariff sheets, incorporating its expanded service territory. The revised tariff sheets will take effect upon filing.

DONE at Honolulu, Hawaii this 14th day of June, 2004.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
Wayne H. Kimura, Commissioner

By 
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:


Benedyne S. Stone
Commission Counsel

03-0411.cs

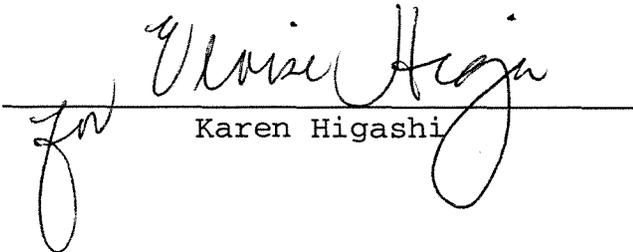
CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 21057 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

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DATED: June 14, 2004