

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
PUHI SEWER & WATER CO., INC.)
For Review and Approval of Rate)
Increases and Revised Rate)
Schedules.)

DOCKET NO. 2006-0423

DECISION AND ORDER NO. 23412

Filed May 3, 2007
At 12 o'clock P.M.

Karen Higashi.
Chief Clerk of the Commission

RECEIVED

2007 MAY -4 A 9:05

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

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

Karen Higashi.

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Docket No. 2006-0423
Decision and Order No. 23412

DECISION AND ORDER

By this Decision and Order, the commission adopts Proposed Decision and Order No. 23376, filed on April 20, 2007, as its Decision and Order in this proceeding.¹ In so doing, the commission: (1) approves a general rate increase of \$55,274, or approximately five percent (5%) over revenues at present rates, for PUHI SEWER & WATER CO., INC. ("Puhi Sewer"), based on a total revenue requirement of \$1,160,114 for the 2007 calendar test year ("test year"); (2) authorizes Puhi Sewer to increase the rates and charges assessed to its residential, industrial, and commercial customers; and (3) authorizes the implementation of an Automatic Power Cost Adjustment Clause by Puhi Sewer.

¹The Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate"), is an ex officio party to this proceeding, pursuant to Hawaii Revised Statutes ("HRS") § 269-51 and Hawaii Administrative Rules § 6-61-62(a). Puhi Sewer and the Consumer Advocate are collectively referred to as the "Parties."

I.

Background

On April 20, 2007, the commission timely issued Proposed Decision and Order No. 23376, as mandated by HRS § 269-16(f), and in response to the application of Puhi Sewer, filed on October 23, 2006.²

The commission approved a general rate increase of \$55,274, or approximately five percent (5%) over revenues at present rates, for Puhi Sewer, based on a total revenue requirement of \$1,160,114 for the test year. In so doing, the commission approved the Stipulation of Settlement Agreement in Lieu of [Puhi Sewer's] Rebuttal Testimonies, jointly filed by Puhi Sewer and the Consumer Advocate, on March 30, 2007 ("Stipulation"). The commission, in approving the Parties' Stipulation: (1) authorized Puhi Sewer to increase the rates and charges assessed to its residential, industrial, and commercial customers; and (2) authorized the implementation of an Automatic Power Cost Adjustment Clause by Puhi Sewer.

The commission also instructed: (1) Puhi Sewer to promptly file its revised tariff sheets and rate schedules for the commission's review and approval; and (2) the Parties to timely notify the commission as to whether it accepts, in toto, or does not accept, in whole or in part, Proposed Decision and Order No. 23376, as mandated by HRS § 269-16(f)(3).

²Puhi Sewer's Application; Exhibits PSW 1 - PSW 12; Attachment RO 202; Verification; and Certificate of Service, filed on October 23, 2006, as supplemented on December 13, 2006 (partial confidential seal) and December 18, 2006 (collectively, "Application"). Puhi Sewer served copies of its Application upon the Consumer Advocate.

On April 24, 2007, the Consumer Advocate informed the commission that it does not object to Proposed Decision and Order No. 23376.³ Likewise, on April 26, 2007, Puhi Sewer: (1) informed the commission that it accepts, in toto, Proposed Decision and Order No. 23376; and (2) submitted its revised tariff sheets and rate schedules, incorporating the tariff and rate changes authorized by the commission.⁴

In addition, in compliance with Proposed Decision and Order No. 23376, Puhi Sewer stated its intent to: (1) establish a new account, Account #300018, with a fifteen-year service life, and include certain rate base items in this account; and (2) maintain the proper plant asset records in order to make the proper adjustments to its rate base for future rate proceedings by removing the remaining net book value cost of plant that is replaced prior to being fully depreciated.

II.

Discussion

The Parties have accepted Proposed Decision and Order No. 23376. Accordingly, the Parties are not entitled to a contested case hearing, and HRS § 269-15.5, governing the appeal of commission decisions, does not apply.

The commission hereby adopts Proposed Decision and Order No. 23376 as its Decision and Order in this proceeding. In addition, the commission finds that Puhi Sewer's revised tariff sheets and rate schedules comply with Proposed Decision and Order

³Consumer Advocate's letter, dated April 24, 2007.

⁴Puhi Sewer's letter, dated April 26, 2007, with the revised tariff sheets and rate schedules enclosed.

No. 23376, subject to one modification by the commission, and thus, approves said filing, as modified.⁵

III.

Orders

THE COMMISSION ORDERS:

1. Proposed Decision and Order No. 23376, filed on April 20, 2007, is adopted as the commission's Decision and Order in this proceeding.

2. Puhi Sewer may increase its rates to produce a total annual revenue increase of \$55,274, or approximately five percent (5%), as shown on Exhibit A of Proposed Decision and Order No. 23376, representing an increase in Puhi Sewer's revenue requirement to \$1,160,114.

3. Puhi Sewer shall:

A. Establish a new account, Account #300018, with a fifteen-year service life, and include the following rate base items in this account: Aeration Lagoon Diffusers; Blower #2; Lift Station Pump #2, Shuler Lift Station Pump #1, and Sludge Rake - Clarifiers #1, #2, and #3; and

B. Maintain the proper plant asset records in order to make the proper adjustments to its rate base for future rate proceedings by removing the remaining net book value cost of plant that is replaced prior to being fully depreciated.

⁵Specifically, for Revised Sheet No. 32, the revenue amount used in calculating the Automatic Power Cost Adjustment charge is changed to \$1,089,820, consistent with Exhibit A of Proposed Decision and Order No. 23376.

4. Puhi Sewer's revised tariff sheets and rate schedules, filed on April 26, 2007, are approved, as modified by the commission, and shall take effect from May 4, 2007. Puhi Sewer shall promptly file its new tariff sheets and rates schedules, with the applicable issued and effective dates.

5. The failure to comply with any of the requirements noted in the ordering paragraphs, above, may constitute cause to void this Decision and Order, and may result in further regulatory action as authorized by State law.

6. Upon the filing of Puhi Sewer's new tariff sheets and rate schedules, with the applicable issued and effective dates, this docket shall be closed unless ordered otherwise by the commission.

DONE at Honolulu, Hawaii MAY - 3 2007 .

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By Carlito P. Caliboso
Carlito P. Caliboso, Chairman

By John E. Cole
John E. Cole, Commissioner

APPROVED AS TO FORM:

 Michael Azama
Michael Azama
Commission Counsel

2006-0423.dhi

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 23412 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: MAY - 3 2007