

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
LAIE WATER COMPANY, INC.)
For Approval of a Rate Increase)
Pursuant to Hawaii Revised)
Statutes § 269-16; and Revised)
Rate Schedules.)

DOCKET NO. 2006-0502

DECISION AND ORDER NO. 23554

Filed July 20, 2007
At 9 o'clock A.M.

Karen Higashi.
Chief Clerk of the Commission

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

2007 JUL 23 A 8:42

RECEIVED

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

Karen Higashi.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
LAIE WATER COMPANY, INC.)
For Approval of a Rate Increase)
Pursuant to Hawaii Revised)
Statutes § 269-16; and Revised)
Rate Schedules.)
_____)

Docket No. 2006-0502
Decision and Order No. 23554

DECISION AND ORDER

By this Decision and Order, the commission adopts Proposed Decision and Order No. 23522, filed on June 29, 2007, as its Decision and Order in this proceeding. In addition, the commission finds that the revised tariff sheets and rate schedules filed by LAIE WATER COMPANY, INC. ("LWC") on July 11, 2007, comply with the Proposed Decision and Order. LWC's revised tariff sheets and rate schedules shall take effect immediately from the date of this Decision and Order.

I.

Discussion

A.

Proposed Decision and Order No. 23522

On June 29, 2007, the commission timely issued Proposed Decision and Order No. 23522, as mandated by Hawaii Revised Statutes ("HRS") § 269-16(f), and in response to the application filed by LWC on December 29, 2006.¹

¹See LWC's Application, Exhibits LWC 1 - LWC 10, LWC T-100 - LWC T-200, Verification, and Certificate of Service, filed on December 29, 2006.

In Proposed Decision and Order No. 23522, the commission approved a general rate increase of \$1,015,443, or 132%, over revenues at present rates for LWC for the test year ending December 31, 2007 (the "Test Year"). In doing so, the commission approved the "Stipulation of Settlement Agreement in Lieu of Rebuttal Testimonies," jointly filed by LWC and the DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF CONSUMER ADVOCACY ("Consumer Advocate")² (collectively, the "Parties") on June 15, 2007.³

Specifically, the commission approved: (1) a revenue increase of \$1,015,443, or approximately 132%, over revenues at present rates, and a revenue requirement for LWC of \$1,784,377; (2) an amount of \$909,411 for LWC's Test Year total operating and maintenance expenses and depreciation expense at present and proposed rates; (3) a Test Year average rate base of \$5,334,125; (4) a return on rate base of 8.85%; (5) a three-step phase-in of the agreed-upon rates and charges set forth in the Stipulation; and (6) an Automatic Power Cost Adjustment Charge that will allow LWC to increase or decrease its water service rates based on any corresponding increase or decrease in LWC's cost for electricity.

²The Consumer Advocate is an ex officio party to this docket pursuant to HRS § 269-51 and Hawaii Administrative Rules ("HAR") § 6-61-62.

³Stipulation of Settlement Agreement in Lieu of Rebuttal Testimonies, Exhibits A to E, and Certificate of Service, filed on June 15, 2007 (the "Stipulation").

B.

The Parties' Acceptance of the Proposed Decision and Order

On June 29, 2007, the Consumer Advocate accepted in toto Proposed Decision and Order No. 23522.⁴ By letter dated July 5, 2007, LWC, likewise, accepted Proposed Decision and Order No. 23522.⁵

C.

Adoption of Proposed Decision and Order No. 23522

The Parties have accepted Proposed Decision and Order No. 23522. Accordingly, the Parties are not entitled to a contested case hearing, and HRS § 269-15.5 does not apply.⁶ See HRS § 269-16(f)(3). In light of the foregoing, the commission adopts in toto Proposed Decision and Order No. 23522.

D.

Revised Tariff Sheets and Rate Schedules

Proposed Decision and Order No. 23522 also instructed LWC to promptly file its revised tariff sheets and rate schedules, which implement the tariff changes and increases in rates and charges authorized by Proposed Decision and Order No. 23522, for the commission's review and approval.

⁴See Letter dated and filed June 29, 2007 from the Consumer Advocate to the commission.

⁵See Letter dated and filed July 5, 2007 from LWC to the commission.

⁶See Proposed Decision and Order No. 23522, at 40, paragraph 1.

On July 11, 2007, LWC filed its revised tariff sheets and rate schedules.⁷ The commission has reviewed LWC's revised tariff sheets and rate schedules, and finds that they are in compliance with Proposed Decision and Order No. 23522. The commission accordingly approves LWC's revised tariff sheets and rate schedules, which shall become effective immediately as of the date of this Order. LWC is instructed to promptly re-file its revised tariff sheets and rate schedules, consistent with the terms of this Decision and Order, with the applicable issued and effective dates.

II.

Orders

THE COMMISSION ORDERS:

1. Proposed Decision and Order No. 23522, filed on June 29, 2007, is adopted as the commission's Decision and Order in this proceeding.

2. LWC's revised tariff sheets and rate schedules, filed on July 11, 2007, are approved, and shall take immediate effect from the date of this Decision and Order.

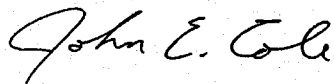
3. LWC shall promptly re-file with the commission its revised tariff sheets and rate schedules to reflect the applicable issued and effective dates, consistent with this Decision and Order.

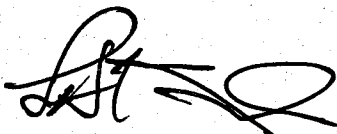
⁷LWC initially filed its revised tariff sheets and rate schedules on July 5, 2007, but later filed an amended version of its revised tariff sheets and rate schedules, to reflect additional, non-substantive changes, on July 11, 2007.

DONE at Honolulu, Hawaii JUL 20 2007.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By: 
Carlito P. Caliboso, Chairman

By: 
John E. Cole, Commissioner

By: 
Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:



Kaiulani Kidani Shinsato
Commission Counsel

2006-0502.ah

CERTIFICATE OF SERVICE

I hereby certify that I have on this date served a copy of the foregoing Decision and Order No. 23554 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

CATHERINE P. AWAKUNI
EXECUTIVE DIRECTOR
DIVISION OF CONSUMER ADVOCACY
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
P. O. Box 541
Honolulu, HI 96809

MICHAEL H. LAU, ESQ.
KENT D. MORIHARA, ESQ.
KRIS N. NAKAGAWA, ESQ.
RHONDA L. CHING, ESQ.
MORIHARA LAU & FONG LLP
Davies Pacific Center
841 Bishop Street, Suite 400
Honolulu, HI 96813

Counsel for Laie Water Company, Inc.

R. ERIC BEAVER, PRESIDENT
JACE L. McQUIVEY, ESQ.
LAIE WATER COMPANY, INC.
55-510 Kamehameha Highway
Laie, HI 96762



Karen Higashi

DATED: JUL 20 2007