

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
KUKIO UTILITY COMPANY, LLC)
For Review and Approval of Rate)
Increases and Revised Rate)
Schedules.)
_____)

DOCKET NO. 2007-0198

DECISION AND ORDER NO. 24016

Filed Feb. 6, 2008

At 12 o'clock P.M.

Karen Higashi
Chief Clerk of the Commission

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DIV OF PUBLIC UTILITIES
HAWAII

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

Karen Higashi

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DECISION AND ORDER

By this Decision and Order, the commission adopts Proposed Decision and Order No. 23975, filed on January 18, 2008, as its Decision and Order in this proceeding. In so doing, the commission approves a total rate increase of \$232,341 or 10.71% over revenues at present rates for KUKIO UTILITY COMPANY, LLC's ("Kukio")¹ water operations for the 2008 calendar test year ("Test Year"). Also, for Kukio's sewer operations, the commission approves an overall decrease of \$28,030 or 3.23% in revenues at present rates. The commission also authorizes the implementation of an Automatic Power Cost Adjustment Factor ("PCAF") for Kukio's water operations, and revises the PCAF for Kukio's wastewater operations.

¹Kukio is a public utility that provides water and wastewater utility services, including the gathering, storage, transmission, distribution, processing, and other provision and elimination of water, within its authorized service area on the island of Hawaii. Kukio was granted a certificate of public convenience and necessity ("CPCN") in Decision and Order No. 20103 ("D&O No. 20103"), filed on March 27, 2003, as amended by Order No. 20688, filed on November 26, 2003, in Docket No. 01-0433.

I.

Background

On January 18, 2008, the commission timely issued Proposed Decision and Order No. 23975, as mandated by Hawaii Revised Statutes ("HRS") § 269-16(f), and in connection with the application filed by Kukio on July 20, 2007.²

In the Proposed Decision and Order, the commission approved an increase of \$232,341 or 10.71% over revenues at present rates for Kukio's water operations, and an overall decrease of \$28,030 or 3.23% in revenues at present rates for its wastewater operations. The commission approved a rate of return on rate base of 8.85% and a PCAF for Applicant's water service; and revised the PCAF formula for Kukio's wastewater services. In so doing, the commission approved the Stipulation of Settlement Agreement In Lieu of Rebuttal Testimonies ("Stipulation"), jointly filed on December 27, 2007, by Kukio and the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate").³

The commission also instructed: (1) Kukio to promptly file its revised tariff sheets and rate schedules for the commission's review and approval; and (2) the Parties to timely

²See Kukio's Application, Exhibits KUC 1 & 2, KW 3 through 10, KS 3 through 10, KUC T-100 through 200, Verification, and Certificate of Service, filed on July 20, 2007 (collectively, "Application"). Copies of the Application were served on the Consumer Advocate.

³The Consumer Advocate is an ex officio party to this proceeding, pursuant to HRS § 269-51 and Hawaii Administrative Rules ("HAR") § 6-61-62(a). Kukio and the Consumer Advocate are collectively referred to as the "Parties."

notify the commission as to whether they accept, in toto, or do not accept, in whole or in part, Proposed Decision and Order No. 23975, as mandated by HRS § 269-16(f)(3).

On January 24, 2008, the Consumer Advocate informed the commission that it does not object to Proposed Decision and Order No. 23975.⁴ Likewise, on January 24, 2008, Kukio: (1) informed the commission that it accepts, in toto, Proposed Decision and Order No. 23975; and (2) submitted its revised tariff sheets and rate schedules, incorporating the tariff and rate changes authorized by the commission.⁵

II.

Discussion

The Parties have accepted Proposed Decision and Order No. 23975. 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. 23975 as its Decision and Order in this proceeding. In addition, the commission finds that Kukio's revised tariff sheets and rate schedules comply with Proposed Decision and Order No. 23975, and thus, approves said filing.

⁴Consumer Advocate's letter, dated January 24, 2008.

⁵Kukio's letter, dated January 24, 2008, with the revised tariff sheets and rate schedules enclosed.

III.

Orders

THE COMMISSION ORDERS:

1. Proposed Decision and Order No. 23975, filed on January 18, 2008, is adopted as the commission's Decision and Order in this proceeding.

2. Kukio may increase its rates to produce additional revenues of \$232,341, or approximately 10.71% over revenues at present rates for its water operations, as shown on Exhibit A of Proposed Decision and Order No. 23975, representing an increase in Kukio's revenue requirement to \$2,402,607.

3. Kukio may decrease its wastewater rates to produce a total annual revenue decrease of \$28,030, or approximately 3.23%, as shown on Exhibit B of Proposed Decision and Order No. 23975, representing a decrease in Kukio's revenue requirement to \$840,992 for wastewater operations.

4. Kukio's revised tariff sheets and rate schedules, filed on January 24, 2008, are approved and shall take effect from the date of this Decision and Order. Kukio shall promptly file its new tariff sheets and rate schedules, with the applicable issued and effective dates.

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

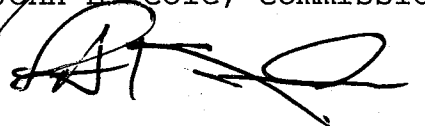
6. Upon the filing of Kukio's new tariff sheets and rate schedules, with the applicable issued and effective dates, this docket is closed unless ordered otherwise by the commission.

DONE at Honolulu, Hawaii FEB - 6 2008.

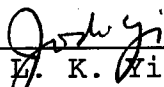
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
John E. Cole, Commissioner

By 
Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:


Jodi W. K. Yi
Commission Counsel

2007-0198.sl

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 24016 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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Karen Higashi

DATED: FEB - 6 2008