BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
PUKALANI STP CO., LTD. 
)
For Review and Approval of Rate 
Increases and Revised Rate 
Schedules. 
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DOCKET NO. 05-0025

ORDER NO. 21639

Filed ___________________, 2005
At 1:30 o'clock P.M.

Chief Clerk of the Commission

ATTEST: A True Copy
KAREN HIGASHI
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of
PUKALANI STP CO., LTD.
For Review and Approval of Rate Increases and Revised Rate Schedules.

Docket No. 05-0025
Order No. 21639

ORDER

As part of PUKALANI STP CO., LTD.'s ("Pukalani") forthcoming Application for a general rate increase, the commission approves Pukalani's requests to: (1) submit unaudited financial information in lieu of an audited balance sheet; and (2) utilize the 2005 calendar test year.

I.
Pukalani's Motion

Pukalani requests the commission's approval to:
(1) submit unaudited financial information in lieu of the audited balance sheet required by Hawaii Administrative Rules ("HAR") § 6-61-75(b)(1); and (2) utilize calendar year 2005 financial data in place of the mid-year data required by HAR § 6-61-88(3)(B).¹ Pukalani makes its requests pursuant to

¹Pukalani's Motion to Submit Unaudited Financial Statements in Lieu of Audited Balance Sheet and to Use 2005 Calendar Year Financial Data in the Place of Mid-Year Test Year Data ("Motion"), Memorandum in Support of Motion ("Memorandum"), Affidavit, and Certificate of Service, filed on January 31, 2005 (collectively, "Pukalani's Motion").
Hawaii Revised Statutes ("HRS") § 269-16(f) and HAR §§ 6-61-41 and 6-61-92, as part of its forthcoming Application for a general rate increase ("Application").

Pukalani: (1) served copies of its Motion upon the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate"); and (2) represents that, to its knowledge, the Consumer Advocate does not object to Pukalani's requested relief.² Pukalani does not request a hearing on its Motion.

Pukalani asserts that:

1. It: (A) is a public utility that is limited in size and revenues, with annual gross revenues of less than $2 million, see HRS § 269-16(f); (B) does not have any audited financial statements; and (C) is unduly burdensome and time consuming to prepare audited financial information solely for the purpose of complying with the audited balance sheet requirement.

2. It is actively preparing its application and supporting exhibits and testimony, but was unable to file its application by the end of 2004, "which would have allowed the use of a 2005 calendar test year pursuant to HAR § 6-61-88(3)(B)."³

3. Adhering to the mid-year 2005 - 2006 test year required by HAR § 6-61-88(3)(A) will necessitate the "re-doing" of all its financial exhibits and other supporting information.

²Motion, at 1; and Affidavit, at 3, paragraph 9.
³Memorandum, at 2.
4. With its Application and supporting financial exhibits and testimony virtually complete, "re-doing" these documents to conform with a mid-year 2005 – 2006 test year will constitute an onerous and expensive task.

In essence, Pukalani seeks: (1) a waiver of the audited balance sheet requirement; and (2) approval to utilize the 2005 calendar test year in lieu of the mid-year 2005 – 2006 test year.

Pukalani is a public utility with annual gross revenues of less than $2 million; thus, HRS § 269-16(f), as recently amended by Act 168 of Session Laws of Hawaii 2004 ("Act 168"), applies. Moreover, Pukalani represents that its forthcoming Application, which utilizes a 2005 calendar test year, is "virtually complete."

The commission finds good cause to: (1) waive the audited balance sheet requirement, subject to the condition that Pukalani make available for review all documentation in support of its financial statements, including all books and records; and (2) approve Pukalani's request to utilize a 2005 calendar test year, including the use of calendar year 2005 financial

4HRS § 269-16(f) authorizes the commission to "amend its rules and procedures which will provide the commission with sufficient facts necessary to determine the reasonableness of the proposed rates without unduly burdening the utility company and its customers." See also HAR § 6-61-92 (waiver provision).

5As a matter of course, the Consumer Advocate seeks to impose this condition in response to a public utility's request to waive the audited balance sheet requirement set forth in HAR § 6-61-75(b)(1). See, e.g., Order No. 21574, filed on January 28, 2005, in Docket No. 04-0373, In re Waikoloa Water Co., Inc., dba West Hawaii Water Co.; and Order No. 20914, filed on April 16, 2004, in Docket No. 03-0275, In re Hawaii Water Service Co., Inc.
data; provided that Pukalani shall file its Application within thirty (30) days from the date of this Order.

II.

Orders

THE COMMISSION ORDERS:

1. Pukalani's Motion to submit unaudited financial information in lieu of an audited balance sheet, and to utilize calendar year 2005 financial data, filed on January 31, 2005, is granted.

2. Pukalani is authorized to submit its unaudited financial information in lieu of an audited balance sheet, subject to the condition that Pukalani make available for review all documentation in support of its financial statements, including all books and records.

3. Pukalani is authorized to utilize a 2005 calendar test year, including the use of calendar year 2005 financial data; provided that Pukalani shall file its Application for a general rate increase within thirty (30) days from the date of this Order.

"Following the filing of Pukalani's Application, the Parties are encouraged to initiate the discovery process forthwith, consistent with the new requirements of Act 168."
DONE at Honolulu, Hawaii

FEB - 7 2005

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:

Michael Azama
Commission Counsel
CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 21639 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
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DATED: FEB - 7 2005

[Signature]
Karen Higashi