BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of

WAIKOLOA SANITARY SEWER
COMPANY, INC., dba
WEST HAWAII SEWER COMPANY

For Expedited Review and Approval
to Increase Rates.

DOCKET NO. 05-0329

ORDER NO. 22496

Filed May 31, 2006
At 2 o'clock P.M.

Karen Higashi
Chief Clerk of the Commission

ATTEST: A True Copy
KAREN HIGASHI
Chief Clerk, Public Utilities
Commission, State of Hawaii.
BEFORE THE PUBLIC UTILITIES COMMISSION
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In the Matter of the Application of

WAIKOLOA SANITARY SEWER COMPANY, INC., dba WEST HAWAII SEWER COMPANY

For Expedited Review and Approval to Increase Rates.

Docket No. 05-0329
Order No. 22496

ORDER

By this Order, the commission approves WAIKOLOA SANITARY SEWER COMPANY, INC., dba WEST HAWAII SEWER COMPANY'S ("West Hawaii Sewer") request to submit unaudited financial information in lieu of an audited balance sheet.

I.

Background

In its Application for Expedited Review and Approval to Increase Rates ("Application") filed on December 29, 2005, pursuant to Hawaii Administrative Rules ("HAR") § 6-61-92, West Hawaii Sewer requests commission approval to submit unaudited financial information in lieu of the audited balance sheet required by HAR § 6-61-75(b)(1). West Hawaii Sewer asserts that it is a small utility with annual revenues of less than $2 million; that it does not have audited annual financial

¹West Hawaii Sewer served copies of its Application upon the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate").
reports; and that preparation of an audited financial report would unjustly impose additional financial burdens and unnecessarily delay the filing of its Application.

In its Statement of Position Regarding Completeness of Application ("SOP") filed on January 18, 2006, the Consumer Advocate states that it does not object to West Hawaii Sewer's request to waive HAR § 6-61-75(b)(1) on the condition that West Hawaii Sewer make available for review all documentation supporting West Hawaii's financial statements, including all accounting books and records.

II.

Discussion

HAR § 6-61-75(b)(1) provides, in relevant part:

(b) The financial statement submitted pursuant to subsection (a) shall be accompanied by:

(1) An audited balance sheet, including any pertinent notations and explanations contained therein, as of the end of the last calendar year;

The commission, however, may modify the requirements of HAR § 6-61-75(b)(1) if the requirement would "impose a financial hardship on the applicant or be unjust or unreasonable."

HAR § 6-61-92.²

²HRS § 269-16(f) provides that "[n]otwithstanding any law to the contrary, for public utilities having annual gross revenues of less than $2,000,000, the commission may make and amend its rules and procedures which will provide the commission with
In the present case, West Hawaii Sewer is a public utility with annual gross revenues of less than $2 million. According to West Hawaii Sewer, it does not have audited financial statements and it would be unduly burdensome and time-consuming to prepare audited financial information to comply with HAR § 6-61-75(b)(1).

Based on the evidence presented by West Hawaii Sewer, it appears that application of the audited balance sheet requirement in HAR § 6-61-75(b)(1) would impose a financial hardship on West Hawaii Sewer. Accordingly, the commission finds good cause to waive the audited balance sheet requirement, subject to the condition that West Hawaii Sewer make available for review all documentation in support of its financial statements, including all accounting books and records.¹

¹As 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., In re Waikoloa Water Co., Docket No. 04-0373, Order No. 21574, filed on January 28, 2005; In re Hawaii Water Service Co., Docket No. 03-0275, Order No. 20914, filed on April 16, 2004.
III.

Orders

THE COMMISSION ORDERS:

1. West Hawaii Sewer's Motion to submit unaudited financial information in lieu of an audited balance sheet, filed on December 29, 2005, is granted.

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

DONE at Honolulu, Hawaii MAY 31 2006

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By__________ By (EXCUSED)

Carlito P. Caliboso, Chairman
Wayne H. Kimura, Commissioner

APPROVED AS TO FORM:

Nichole K. Shimamoto
Commission Counsel

Janet E. Kawelo, Commissioner
CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 22496 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 31 2006

Karen Higashi