BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of

METROPOLITAN MORTGAGE &
SECURITIES CO., INC.

for Sale of Membership Interest in Mokuleia
Water, LLC, to North Shore Water
Company, LLC.

Docket No. 2006-0137

STIPULATED PROCEDURAL ORDER NO. 22955

and

CERTIFICATE OF SERVICE

Filed Oct. 18, 2006

At 1 o'clock P.m.

Karen Higcol
Chief Clerk of the Commission
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of
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335 Merchant Street
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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of
METROPOLITAN MORTGAGE & SECURITIES CO., INC.
for Sale of Membership Interest in Mokuleia Water, LLC, to North Shore Water Company, LLC.

STIPULATED PROCEDURAL ORDER

METROPOLITAN MORTGAGE & SECURITIES CO., INC. ("Metropolitan") and NORTH SHORE WATER COMPANY, LLC ("NSWC") (Metropolitan and NSWC shall collectively be referred to herein as the "Applicants") and the DIVISION OF CONSUMER ADVOCACY OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS (the "Consumer Advocate"), by and through their respective attorneys/representatives and pursuant to Order No. 22815, filed on September 1, 2006, do hereby stipulate to the following provisions of this Stipulated Procedural Order as mutually acceptable to each.

ACCORDINGLY, IT IS ORDERED that the following Statement of Issues, Schedule of Proceedings, and procedures shall be utilized in this docket.

I.

STATEMENT OF THE ISSUES

The issues in this case are:

1. Whether the Limited Liability Company Interest Purchase and Sale Agreement dated October 24, 2005, as amended, (the "PSA"), as set forth in Exhibit A
attached to Applicants’ Joint Application, filed on May 23, 2006 and amended on June 8, 2006, is reasonable and should be approved?¹

2. Whether the sale and transfer to NSWC of Mokuleia Water, LLC ("MWL") water facilities assets ("Transferred Assets") is reasonable and in the public interest, and should be approved pursuant to Hawaii Revised Statutes ("HRS") § 269-19, to the extent applicable?

3. Whether any other relief as may be just and reasonable should be granted under the circumstances?

II.

SCHEDULE OF PROCEEDINGS

The parties shall adhere to the schedule of proceedings set forth in the Stipulated Regulatory Schedule attached hereto as Exhibit "A." Notwithstanding the above, the parties may amend the Stipulated Regulatory Schedule as may be agreed in writing from time to time; provided that the requesting party or parties receive the Commission's approval in accordance with HAR § 6-61-23, to the extent applicable. However, the intent of the parties in agreeing to a schedule at this time is to promote the efficient and cost-effective allocation of resources. Therefore, any changes to the schedule should be proposed only when there is an urgency or substantial competing need that cannot be reasonably accommodated without a change.

¹ The parties have subsequently structured the transaction as a sale and transfer of the water company assets of Mokuleia Water, LLC.
III.

REQUESTS FOR INFORMATION

A party to this proceeding may submit information requests to another party within the time schedule specified in this Stipulated Procedural Order. If a party is unable to provide the information requested within the prescribed time period, it should so indicate to the inquiring party as soon as possible. The parties shall then endeavor to agree upon a later date for submission of the requested information. If the parties are unable to agree, the inquiring party may seek approval from the Commission and make a showing of good cause. It is then within the Commission's discretion to allow additional information requests.

In lieu of responses to information requests that would require the reproduction of voluminous documents or materials (e.g. documents over 50 pages), the documents or materials may be made available for reasonable inspection and copying at a mutually agreeable designated location and time. In the event such information is available on computer diskette, the party responding to the information request may make the diskette available to the other party and the Commission. A party shall not be required, in a response to an information request, to provide data that is/are already on file with the Commission or otherwise part of the public record, or that may be stipulated to pursuant to Part VI, infra. The responding party shall, in lieu of production of a document in the public record, include in its response to the information request an identification of the document with reasonable specificity sufficient to enable the requesting party to locate and copy the document. In addition, a party shall not be required, in a response to an information request, to make computations, compute
ratios, reclassify, trend, calculate, or otherwise rework data contained in its files or records.

A party may object to responding to an information request that it deems to be irrelevant, immaterial, unduly burdensome, onerous or repetitious, or where the response contains information claimed to be privileged or subject to protection (confidential information). If a party claims that information requested is confidential, and withholds production of all or a portion of such confidential information, the party shall: (1) provide information reasonably sufficient to identify the confidential information withheld from the response, without disclosing privileged or protected information; (2) state the basis for withholding the confidential information (including, but not limited to, the specific privilege applicable or protection claimed for the confidential information and the specific harm that would befall the party if the information were disclosed); and (3) state whether the party is willing to provide the confidential information pursuant to a protective order.

A party seeking production of documents notwithstanding a party’s claim of confidentiality, may file a motion to compel production with the Commission.

IV.

MATTERS OF PUBLIC RECORD

To reduce unnecessary reproduction of documents and to facilitate these proceedings, identified matters of public record, such as reports that NSWC or MWL have filed with the Commission, published scientific or economic statistical data, material and textbooks, technical or industry journals relating to utility matters, and specified parts of the record in previous Commission dockets shall be admissible in this
proceeding without the necessity of reproducing each document; provided that the
document to be admitted is clearly identified by reference to the place of publication, file
or docket number, and the identified document is available for inspection by the
Commission and the parties; and further provided that any party has the right to explain,
qualify or conduct examination with respect to the identified document. The
Commission can rule on whether the identified document can be admitted into evidence
when a party proffers such document for admission as evidence in this case.

From time to time, the parties may enter into stipulations that such documents, or
any portion of such documents, may be introduced into evidence in this case.

V.

COPIES OF FILINGS AND INFORMATION REQUESTS

1. Filings: Copies of all filings with the Commission shall be provided to the
following parties, unless a protective order issued in connection with this docket states
otherwise:

<table>
<thead>
<tr>
<th>Public Utilities Commission</th>
<th>Original plus 8 copies</th>
</tr>
</thead>
<tbody>
<tr>
<td>465 South King Street</td>
<td></td>
</tr>
<tr>
<td>First Floor</td>
<td></td>
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<tr>
<td>Honolulu, HI 96813</td>
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<table>
<thead>
<tr>
<th>Division of Consumer Advocacy</th>
<th>2 copies</th>
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<tr>
<td>335 Merchant Street</td>
<td></td>
</tr>
<tr>
<td>Room 326</td>
<td></td>
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<tr>
<td>Honolulu, HI 96813</td>
<td></td>
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<tr>
<td>Facsimile Number: 586-2780</td>
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</tbody>
</table>

| Michael H. Lau, Esq.        | 2 copies |
| Kent D. Morihara, Esq.      |         |
| Morihara Lau & Fong LLP     |         |
| 841 Bishop Street, Suite 400|         |
| Honolulu, HI 96813          |         |
| Facsimile Number: 566-0800   |         |
2. **Information Requests and Responses:** Copies of all information requests and information request responses shall be provided to the following parties, unless a protective order issued in connection with this docket states otherwise:

- Public Utilities Commission
  - Original plus 8 copies
  - 465 South King Street
  - First Floor
  - Honolulu, HI 96813

- Division of Consumer Advocacy
  - 2 copies
  - 335 Merchant Street
  - Room 326
  - Honolulu, HI 96813
  - Facsimile Number: 586-2780

- Michael H. Lau, Esq.
  - 2 copies
  - Kent D. Morihara, Esq.
  - Morihara Lau & Fong LLP
  - 841 Bishop Street, Suite 400
  - Honolulu, HI 96813
  - Facsimile Number: 566-0800

- Marie E. Riley
  - 2 copies
  - White & Tom
  - 820 Mililani Street, Suite 711
  - Honolulu, HI 96813
  - Facsimile Number: 599-4517

All pleadings, briefs and other documents required to be filed with the Commission shall be filed at the office of the Commission in Honolulu within the time limit prescribed pursuant to Hawaii Administrative Rules ("HAR") § 6-61-15.

Copies of all filings, information requests and information request responses should be sent to the other parties by hand delivery or U.S. mail. In addition, if
available, all parties shall provide copies of their filings, information requests and
information request responses to the other parties via diskette or e-mail in a standard
electronic format that is readily available by the parties. The parties agree to use
Word 97, Word 2000, or Word 2003 as the standard programming format for filings in
this case. However, if work papers, documentation, or exhibits attached to any filing are
not readily available in an electronic format, a party shall not be required to convert such
work papers, documentation, or exhibits into an electronic format. Also, existing
documents produced in response to requests need not be converted to Word 97/Word
2000/Word 2003 as long as the applicable format is identified. In the event a copy of a
filing, information request or information request response is delivered to a party via
diskette or e-mail, unless otherwise agreed to by such party, the same number of copies
of such filing, information request or information request response must still be delivered
to such party by hand delivery or via facsimile as provided above.

VI.

COMMUNICATIONS

HAR § 6-61-29 concerning ex parte communications is applicable to any
communications between a party and the Commission. However, the parties may
communicate with Commission counsel through their own counsel or designated official
only as to matters of process and procedure.

Communications between the parties should either be through counsel or
through designated representatives. All pleadings, papers, and other documents filed in
this proceeding shall be served on the opposing party as provided in Article V above.
All motions, supporting memoranda, briefs, and the like shall also be served on opposing counsel.

VI.

GENERAL

These procedures are consistent with the orderly conduct of this docket.

This Stipulated Procedural Order shall control the subsequent course of these proceedings, unless modified by the parties in writing and approved by the Commission, or upon the Commission's own motion. This Stipulated Procedural Order may be executed by the parties in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument. The parties may execute this Stipulated Procedural Order by facsimile or electronic mail for initial submission to the Commission to be followed by the filing of originals of said facsimile or electronic mail pages.


By
MICHAEL H. LAU
KENT D. MORIHARA
Attorneys for North Shore Water Company, LLC

By
CATHERINE P. AWAKUNI
Executive Director
Division of Consumer Advocacy

By
MARIE E. RILEY
Attorney for Mokuleia Water, LLC and Metropolitan Mortgage & Securities Co., Inc.
APPROVED AND SO ORDERED this 18th day of October, 2006.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By
Carlito P. Caliboso, Chairman

By
John E. Cole, Commissioner

APPROVED AS TO FORM:

Ji Sook Kim
Commission Counsel
**EXHIBIT "A"**

**STIPULATED REGULATORY SCHEDULE**

**Docket No. 2006-0137**

<table>
<thead>
<tr>
<th>DATE</th>
<th>DURATION (business days)</th>
<th>PROCEDURAL STEPS</th>
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<tr>
<td>1. Tuesday, May 23, 2006</td>
<td>---</td>
<td>Application Filed at PUC</td>
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<tr>
<td>2. Thursday, June 8, 2006</td>
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<td>Amended Application Filed at PUC</td>
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<tr>
<td>3. Friday, October 20, 2006</td>
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<td>Consumer Advocate's Submission of Information Requests (IRs)</td>
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<td>4. Monday, October 30, 2006</td>
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<td>Applicants’ Responses to Consumer Advocate’s Submission of IRs</td>
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<tr>
<td>5. Monday, November 6, 2006</td>
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<td>Consumer Advocate’s Submission of Supplemental Information Requests (SIRs)</td>
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<td>6. Monday, November 13, 2006</td>
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<td>Applicants’ Responses to Consumer Advocate’s Submission of SIRs</td>
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<tr>
<td>7. Thursday, November 30, 2006</td>
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<td>Consumer Advocate’s Position Statement</td>
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<tr>
<td>8. Thursday, December 7, 2006</td>
<td>5</td>
<td>Applicants’ Rebuttal Position Statement (if necessary)</td>
</tr>
<tr>
<td>9.</td>
<td></td>
<td>Decision and Order</td>
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</tbody>
</table>
CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Stipulated Procedural Order No. 22955 upon the following parties by hand delivery or by mail, postage prepaid and properly addressed.

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
335 Merchant Street
Room 326
Honolulu, Hawaii 96813

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MARIE E. RILEY, ESQ.
WHITE & TOM
820 Mililani Street, Suite 711
Honolulu, HI 96813

Dated: OCT 18 2006

Chief Clerk