

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
WAIKOLOA RESORT UTILITIES, INC.,)
dba WEST HAWAII UTILITY COMPANY)
For Approval to Increase Rates.)

DOCKET NO. 2006-0409

INTERIM DECISION AND ORDER NO. 23925

Filed December 21, 2007
At 11 o'clock A.M.

for Stan Carl D.
Chief Clerk of the Commission

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

for Gleaner R. Luinassaga

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)	
WAIKOLOA RESORT UTILITIES, INC.,)	Docket No. 2006-0409
dba WEST HAWAII UTILITY COMPANY)	
For Approval to Increase Rates.)	Interim Decision
_____)	and Order No. 23925

INTERIM DECISION AND ORDER

By this Interim Decision and Order, the commission approves, on an interim basis, the stipulated increases in water and sewer charges, and the stipulated decrease in the non-potable irrigation service charge, for WAIKOLOA RESORT UTILITIES, INC., dba WEST HAWAII UTILITY COMPANY ("WHUC"), as reflected in the Joint Statement of Probable Entitlement, filed by WHUC and the DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF CONSUMER ADVOCACY ("Consumer Advocate"),¹ on November 28, 2007.²

Specifically, the commission approves, on an interim basis: (1) an across-the-board increase in WHUC's water rates of 16.5 percent; (2) an across-the-board increase in WHUC's sewer rates of 42 percent, under the first phase of a proposed two-step

¹The Parties in this proceeding are WHUC and the Consumer Advocate, an ex officio party, pursuant to Hawaii Revised Statutes ("HRS") § 269-51 and Hawaii Administrative Rules ("HAR") § 6-61-62(a).

²Joint Statement of Probable Entitlement; Exhibits A - F; and Certificate of Service, filed on November 28, 2007 (collectively, "Joint Statement").

phase-in; and (3) a decrease in WHUC's non-potable irrigation service charge of 15.4 percent.³

I.

Background

A.

WHUC

WHUC is a public utility that provides water and wastewater services to the condominiums, hotels, and other commercial establishments located within the Waikoloa Beach Resort service area on the island of Hawaii.⁴ WHUC also provides non-potable irrigation water service to two golf courses. WHUC's sole stockholder is Waikoloa Development Company ("WDC").

West Hawaii Water Company ("WHWC") and West Hawaii Sewer Company ("WHSC") are utilities that are affiliated with WHUC. Specifically, within the Waikoloa Village service area, WHWC provides water service and WHSC provides wastewater service.

³As discussed in Section II, below, the granting of interim relief to a public utility under the probable entitlement standard set forth in HRS § 269-16(d) applies to increases in a utility's rates, and not to rate decreases. The commission, thus, for purposes of this Interim Decision and Order, independently finds and concludes that the Parties' agreement, as reflected in their Joint Statement, to decrease WHUC's irrigation service charge by 15.4 percent, appears just and reasonable, consistent with HRS § 269-16(b). See also HRS §§ 269-12(b) and 269-16(a).

⁴See In re Waikoloa Resort Util., Inc., Dockets Nos. 3795 and 3796 (consolidated), Decision and Order No. 6078, filed on February 14, 1980; In re Waikoloa Resort Util., Inc., dba West Hawaii Util. Co., Docket No. 96-0448, Decision and Order No. 15330, filed on January 23, 1997; and In re Waikoloa Resort Util., Inc., dba West Hawaii Util. Co., Docket No. 00-0433, Decision and Order No. 18322, filed on January 22, 2001.

In general: (1) WHUC and WHWC, pursuant to a Water Sharing Agreement, jointly own, operate, and maintain a potable water system that includes potable water wells, storage tanks, and transmission and distribution lines; (2) WHUC owns, operates, and maintains a sewage collection system and wastewater treatment facility (overall rated capacity of 1.2 million gallons per day); and (3) WHUC owns, operates, and maintains irrigation wells that pump brackish groundwater that is mixed with treated sewage effluent and then delivered to golf courses for irrigation purposes.

"WHUC does not retain its own employees and instead relies on employees of WDC to provide the support required to operate [WHUC's] utility operations and the utility operations of WHSC and WHWC, WHUC's affiliates. Each utility company is charged for the costs incurred by WDC to provide the support services to each utility. The factor used to allocate the total projected test year cost incurred by WDC to support WHUC's operations is based on the time expected to be spent by WDC's employees performing various tasks on behalf of WHUC. The actual allocations are based on the actual support costs and the actual time spent by WDC's employees."⁵

⁵Joint Statement, at 6.

B.

WHUC's Request

On October 12, 2006, WHUC filed its Notice of Intent to File Rate Increase, informing the commission and the Consumer Advocate of its intent to file an application for a general rate increase no later than December 29, 2006, based on the 2007 calendar test year ("test year").⁶

On December 29, 2006, WHUC filed its Application seeking the commission's approval of general rate increases of: (1) \$1,594,313, or 52 percent over revenues at present rates for its water service; and (2) \$1,107,089, or 132 percent over revenues at present rates for its sewer service.⁷ The requested increases are based on an estimated total revenue requirement of \$6,901,957 for the test year, and an overall rate of return of 11.8 percent.

As part of its Application, WHUC also requests the commission's approval to: (1) revise its Power Cost Adjustment Clause ("PCAC"), to reflect current motor efficiencies and electric costs per kWh; and (2) reduce the non-potable irrigation service charge assessed to golf courses, from \$0.30 per

⁶WHUC's Notice of Intent to File Rate Increase; and Certificate of Service, filed on October 12, 2006 (collectively, "Notice of Intent"). As a public utility with annual gross operating revenues of \$2 million or more, WHUC filed its Notice of Intent in compliance HAR § 6-61-85.

⁷WHUC's Application; Exhibits WHUC 1 to 9-3; and Certificate of Service, filed on December 29, 2006, as supplemented on January 26, 2007 (collectively, "Application"). See Order No. 23266, filed on February 20, 2007 (the filing date of WHUC's complete Application was January 26, 2007). WHUC's Exhibit 9-1 consists of the written direct testimony of its general manager, and its Exhibit 9-2 consists of the written direct testimony of its consultant.

thousand gallons ("TG") to \$0.29 per TG, a percentage decrease of approximately 3.3 percent.

In general, WHUC states that its last increase in rates took effect in 1997,⁸ and since that time: (1) it has and continues to make significant investments in its utility plant to meet the increasing demands on its facilities; and (2) its current rates will not be sufficient to cover its operating costs in the future, or to earn a fair rate of return.

C.

WHUC's Completed Application

On January 19, 2007, the Consumer Advocate filed its Statement of Position Regarding the Completeness of Application, stating that WHUC "has not strictly complied with the requirements of HAR Chapter 61, Subchapters 6 and 8, pertaining to general rate increase applications for public utilities with annual gross operating revenues of \$2,000,000 or more."⁹

On January 26, 2007, WHUC filed its Response to the Division of Consumer Advocacy's Statement of Position Regarding the Completeness of Application, by which WHUC provided

⁸See In re Waikoloa Resort Util., Inc., dba West Hawaii Util. Co., Docket No. 96-0366, Interim Decision and Order No. 15983, filed on September 30, 1997 (1997 test year rate case); and Decision and Order No. 16372, filed on June 9, 1998 (1997 test year rate case).

⁹Consumer Advocate's Statement of Position Regarding Completeness of Application; and Certificate of Service, filed on January 19, 2007, at 1.

additional information to supplement its Application.¹⁰ On January 31, 2007, the Consumer Advocate filed its Supplemental Statement of Position Regarding Completeness of Application, stating that based on the additional information submitted by WHUC, it appeared that WHUC was now in compliance with the requirements of "HAR Chapter 61, Subchapters 6 and 8, pertaining to general rate increase applications for public utilities with annual gross operating revenues of \$2,000,000 or more."¹¹

By Order No. 23266, filed on February 20, 2007, the commission held that the filing date of WHUC's completed Application was January 26, 2007.

D.

Consumer Advocate's Direct Testimonies
and WHUC's Reply Statement of Position

The Parties engaged in the discovery process in accordance with Order No. 23351, filed on April 10, 2007, as modified on June 15, 2007. Following the completion of discovery, the Consumer Advocate, on June 22, 2007, filed its Direct Testimonies, Exhibits, and Workpapers.¹² On July 20, 2007, WHUC filed its Reply Statement of Position.¹³

¹⁰WHUC's Response to the Division of Consumer Advocacy's Statement of Position Regarding Completeness of Application; WHUC Exhibit 2E; and Certificate of Service, filed on January 26, 2007.

¹¹Consumer Advocate's Supplemental Statement of Position Regarding Completeness of Application; and Certificate of Service, filed on January 31, 2007, at 1.

¹²Consumer Advocate's Direct Testimonies, Exhibits, Workpapers, and Certificate of Service, filed on June 22, 2007 (collectively, "Direct Testimonies"). The Consumer Advocate's

E.

Joint Statement of Probable Entitlement

By Order No. 23551, filed on July 18, 2007, the commission approved the Parties' voluntary and intentional waiver of issuance of the commission's final decision within nine months from the filing date of WHUC's completed application for a general rate increase, i.e., by October 26, 2007. Thereafter, by Order No. 23675, filed on September 21, 2007, the commission approved "[t]he Parties' request to continue the prehearing conference and evidentiary hearing, and to reset the corresponding deadline dates to govern the remainder of this proceeding[.]"¹⁴ As a result, the commission noted that "the eleven-month deadline [set forth in HRS § 269-16(d)] for the commission to issue its interim rate decision applies, which is on or about December 26, 2007[.]"¹⁵

On November 28, 2007, the Parties filed their Joint Statement of Probable Entitlement,¹⁶ informing the commission that:

Direct Testimonies consist of the written testimonies of its utilities administrator (CA-T-1), public utilities and transportation specialist (CA-T-2), and consultant (CA-T-3).

¹³WHUC's Statement of Position, Exhibits 1 to 21, and Certificate of Service, filed on July 20, 2007. WHUC's exhibits include the written testimonies of its development manager (Exhibit 7), chief field engineer (Exhibit 8), and consultant (Exhibit 19).

¹⁴Order No. 23675, filed on September 21, 2007, Ordering ¶ No. 1, at 9.

¹⁵Order No. 23675, at 7.

¹⁶Order No. 23675 required WHUC to file its Statement of Probable Entitlement, or the Parties to file a Joint Statement of

1. On November 8, 2007, the Parties reached a settlement on all of the disputed issues; are presently formalizing their settlement agreement; and anticipate filing their Stipulation in Lieu of Hearing within the next one or two weeks.

2. For interim rate relief purposes, the Parties request that the commission grant the stipulated increases in water and sewer charges and stipulated decrease in the non-potable irrigation service charge, as reflected in the Joint Statement, asserting that in the absence of interim rate relief, WHUC may be denied an opportunity to earn a fair return on its rate base.

3. "[T]he Parties acknowledge that WHUC will be required to refund its customers any excess amounts collected, together with interest, in accordance with the interim relief granted by the Commission if the final increase approved by the Commission as part of this proceeding is less than the total interim increase granted by the Commission, as required by HRS § 269-16(d)." ¹⁷

Probable Entitlement, by November 26, 2007. On November 29, 2007, the commission approved the Parties' timely request for an extension of time, from November 26, 2007 to November 28, 2007, to file their Joint Statement of Probable Entitlement. See Parties' joint letter, dated November 26, 2007; and Commission letter, dated November 29, 2007.

¹⁷Joint Statement, at 21.

II.

Discussion

HRS § 269-16(d) requires that the commission make every effort to complete its deliberations with respect to a public utility's request for a rate increase "as expeditiously as possible and before nine months from the date the public utility filed its completed application[.]" The statute further provides that, if such deliberations are not concluded within the nine-month period, the commission shall render an interim decision within one month after the expiration of the nine-month period. The commission may postpone its interim rate decision an additional thirty days if the commission considers the evidentiary hearing incomplete. The interim decision may allow an increase in rates if the commission believes the public utility is "probably entitled" to such interim relief.¹⁸

¹⁸With respect to interim rate relief, the commission has previously noted:

[O]ur decision in this docket should be consistent with precedent and that computational error committed by the parties should be accounted for. However, in deciding interim rate relief, the commission's scrutiny of both the record and the discourse during the evidentiary hearings is a search for showing of probable entitlement. This search is necessarily quick, unlike the careful deliberation the commission consistently accords issues in rendering final decisions. In deciding interim rate relief, the commission must often postpone determinations of reasonableness with respect to certain unresolved matters. Otherwise, the speed with which [the public utility] is given interim rate relief would be affected.

In re Hawaiian Elec. Co., Inc., Docket No. 04-0113, Interim Decision and Order No. 22050, filed on September 27, 2005, at 5-6 n.7 (quoting In re Hawaiian Elec. Co., Inc., Docket No. 6998, Interim Decision and Order No. 11559, filed on March 31, 1992, at 7).

A.

Results of Operation

Following the filing of their respective position statements, the remaining issues in dispute between the Parties consisted of: (1) WHUC's test year customer and meter counts for its operating revenues associated with its water service; (2) for its water operations, WHUC's test year expenses for electricity, pumping maintenance ("Account No. 620.2"), transmission and distribution/mains ("Account No. 620.6"), and pumping/operations/contracts ("Account No. 635.1"); (3) WHUC's test year expenses for general and administrative/salaries and wages, and general and administrative/regulatory commission; (4) the use of a year-end vs. average test year rate base; (5) the inclusion of certain plant additions in WHUC's test year rate base, and the issue of excess capacity raised by the Consumer Advocate; (6) the appropriate test year contributions-in-aid-of-construction ("CIAC") amounts for WHUC's water and sewer operations; (7) WHUC's test year accumulated deferred income tax ("ADIT") amounts for its water, sewer, and irrigation operations; (8) WHUC's test year unamortized balance for the Hawaii State Capital Goods Excise Tax Credit ("HSCGETC"); (9) WHUC's rate of return for the test year; and (10) the Consumer Advocate's proposal to phase-in the increases in WHUC's water and sewer charges ultimately approved by the commission, in order to mitigate the possibility of rate shock to WHUC's ratepayers.

The Parties, as a result of their settlement discussions, have addressed and resolved all of their disputed issues. Thus, the Parties, for purposes of interim rate relief, have stipulated to: (1) customer and meter counts and the use of the average test year concept in forecasting WHUC's operating revenues; (2) the test year electricity expense for WHUC's water operations, based on a 7.552 percent water loss factor;¹⁹ (3) the test year expenses for Accounts Nos. 620.2, 620.6, and 635.1, reflecting certain adjustments proposed by the Consumer Advocate and WHUC, respectively; (4) the test year expense amounts for general and administrative/salaries and wages, as requested in WHUC's completed Application; (5) the test year expense amount for administrative/regulatory commission, based on a five-year amortization period and reflecting a slight downward adjustment to reflect the actual consultant contract amount; (6) the use of an average test year rate base; (7) the exclusion from the average test year rate base of: (A) all capital expenditures associated with the Tank 1200N-2 expansion project²⁰ and SPS #2 replacement project, respectively;

¹⁹The commission notes that the stipulated amount results in an increase of \$2,347, or approximately 0.135 percent, over the amount initially requested by WHUC in its completed Application for test year electric expense/water operations.

²⁰Concomitantly, "[t]he Parties also agreed to implement a step increase outside of the test year to coincide with the in-service date of Tank 1200N-2, subject to the completion of Tank 1200N-2 by the end of 2008. This step increase, however, does not affect the interim rates to which WHUC is entitled." Joint Statement, at 13 n.4 (emphasis added). This Interim Decision and Order, the commission makes clear, does not address the Parties' "agree[ment] to implement a step increase outside the test year to coincide with the in-service date of

and (B) 19 percent of the capital expenditures associated with Tanks 300-2 and 3, attributed to excess capacity; (8) increases in the amounts for the test year unamortized CIAC balances for WHUC's water and sewer operations, from the amounts reflected in WHUC's completed Application; (9) the use of the Consumer Advocate's recommended partial normalization methodology in determining the test year ADIT amounts for WHUC's water, sewer, and irrigation operations; (10) the test year unamortized balance for HSCGETC, based on certain additional information provided to the Consumer Advocate by WHUC; (11) a rate of return of 8.94 percent, representing the highest rate of return percentage within the 8.42 to 8.94 percentage range recommended by the Consumer Advocate;²¹ and (12) the implementation of a two-step phase-in increase for WHUC's sewer charges, with no phase-in for WHUC's water and irrigation charges.²²

For interim rate relief purposes, the commission will apply the average test year methodology. Attached to this Interim Decision and Order are Exhibits A to D, which provide the estimates of WHUC's operating revenues and expenses and the average depreciated rate base for the test year. These exhibits reflect the Parties' settlement of all their disputed issues, Tank 1200N-2, subject to the completion of Tank 1200N-2 by the end of 2008."

²¹WHUC initially sought an 11.8 percent rate of return.

²²Specifically, "the Parties agreed that WHUC is entitled to an across the board increase for WHUC's water and sewer systems, and that for the sewer system, WHUC is entitled to the first 50 percent of the phased-in increase effective with the Commission's order. The rate changes for the water and irrigation systems are to be immediate with no phased-in plans." Joint Statement, at 18.

resulting in their agreement to an increase of \$1,146,512 in revenues over present rates (or approximately 27 percent), based on a test year revenue requirement of \$5,314,163 (consolidated operations basis).

For purposes of this Interim Decision and Order, the commission accepts the agreements memorialized by the Parties in their Joint Statement, including the 8.94 percent rate of return on the average depreciated rate base of \$5,210,770 (consolidated operations basis).²³ Accordingly, the commission concludes that interim rate relief in the amount of \$1,146,512 in additional revenues, or an approximate 27 percent increase in revenues over present rates (consolidated operations basis), is appropriate. Based on the record, it appears that WHUC will be probably entitled to the level of relief that the commission grants in this Interim Decision and Order. The interim rate relief granted meets WHUC's need for immediate rate relief and protects the interests of the ratepayers.

The commission emphasizes that the findings and adoption here of the various amounts reflected in Exhibits A to D are for the purposes of this Interim Decision and Order, only. It does not, in any way, commit the commission to accept any of

²³See, e.g., In re Hawaiian Elec. Co., Inc., Docket No. 2006-0386, Interim Decision and Order No. 23749, filed on October 22, 2007, at 10 (where the parties agreed, the commission accepted such agreement for purposes of this Interim Decision and Order); In re Hawaii Elec. Light Co., Inc., Docket No. 05-0315, Interim Decision and Order No. 23342, filed on April 4, 2007, at 10 (where the parties agreed, the commission accepted such agreement for purposes of this Interim Decision and Order); and In re Hawaiian Elec. Co., Inc., Docket No. 04-0113, Interim Decision and Order No. 22050, filed on September 27, 2005, at 7 (where the parties agreed, the commission accepted such agreement for purposes of this Interim Decision and Order).

these amounts in its final decision. The commission's final decision will reflect a detailed review and analysis of all work papers, schedules, and other materials produced by the Parties.

B.

Interim Rate Design

The Parties, in their Joint Statement, stipulate to the following changes in WHUC's rates:

Minimum Monthly Water Service Charge

<u>Meter Size</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>% Increase</u>
5/8" & 3/4"	\$7.20	\$8.39	16.5%
1"	\$13.80	\$16.08	16.5%
1-1/2"	\$24.20	\$28.20	16.5%
2"	\$33.00	\$38.46	16.5%
3"	\$66.00	\$76.92	16.5%
4"	\$110.00	\$128.20	16.5%
6"	\$220.00	\$256.41	16.5%
8"	\$396.00	\$461.53	16.5%

Monthly Water Quantity Charge

<u>Present Charge</u>	<u>Proposed Charge</u>	<u>% Increase</u>
\$2.68 per TG	\$3.12 per TG	16.4%

Minimum Monthly Private Fire Service Charge

<u>Meter Size</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>% Increase</u>
4"	\$110	\$128.20	16.5%
6"	\$220	\$256.41	16.5%
8"	\$396	\$461.53	16.5%

Minimum Monthly Sewer Service Charge**

<u>Classification</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>% Increase</u>
Residential - Condo/Hotel	\$4.25 per month per living unit	\$6 per month per living unit	41%
Commercial	\$10 per connection per month	\$14.20 per connection per month	42%

Monthly Sewer Consumption Charge**
(For Residential - Condo/Hotel and Commercial)

<u>Present Charge</u>	<u>Proposed Charge</u>	<u>% Increase</u>
\$1 per TG/metered potable water	\$1.42 per TG/metered potable water	42%

**As noted by the Parties, the "proposed rates for [sewer service] represent the first 50 percent of the phased-in increase. The Parties have agreed that the second 50 percent of the phased-in increase for the sewer system will become effective six months after the Commission's order."²⁴

Irrigation Service Charge

"The monthly volumetric rates, presently \$.30 [per TG, will] change to \$.26 [per TG]."²⁵

The Parties stipulate to an increase of approximately 27 percent in revenues over present rates, on a consolidated operations basis (water, sewer, and irrigation), with 16.5 percent of the increase allocated to WHUC's water operations, and 84 percent of the increase allocated to WHUC's sewer operations.²⁶ In order to mitigate the effects of the increase in wastewater rates to WHUC's ratepayers, the Parties agree that, for interim purposes, the increase will be limited to 42 percent, as part of the first phase of their proposed two-step phase-in.

Upon cursory review, the disparity in the percentage increases between WHUC's water and sewer operations appears attributed to the increases in costs and expenses for operating

²⁴Joint Statement, at 21 n.5.

²⁵Joint Statement, at 21.

²⁶In its completed Application, WHUC initially proposed to increase its water rates by 52 percent, and its sewer rates by 132 percent.

WHUC's sewage collection system and wastewater treatment facility on a stand-alone basis, in relation to the increases in costs and expenses associated with WHWC and WHUC's joint ownership and operation of their potable water system.

For purposes of interim relief, the commission accepts the Parties' stipulated rate design to implement the changes in WHUC's water, sewer, and irrigation rates.

C.

Refund

As acknowledged by the Parties in their Joint Statement, WHUC will be required to refund to its customers any excess collected under this Interim Decision and Order, together with such interest as provided for by HRS § 269-16(d), if the final increase approved by the commission is less than the total interim increase granted by this Interim Decision and Order.

D.

Order No. 23675

The commission, by Order No. 23675, "instruct[ed] the Parties, in the filing of their statements of probable entitlement, to: (1) utilize average depreciated rate base amounts for the 2007 test year, with supporting work papers and schedules; and (2) include [PCAC] revenues as part of WHUC's 2007

test year operating revenues at present and proposed rates, with supporting work papers and schedules."²⁷

The Parties, in their Joint Statement, have stipulated to the use of an average test year rate base, consistent with Order No. 23675. Nonetheless, based on the Parties' global agreement for purposes of interim rate relief, the Joint Statement does not appear to include WHUC's PCAC revenues for the test year. The commission, under the circumstances, finds that this omission, standing alone, does not constitute a sufficient basis for rejecting the Joint Statement. Concomitantly, the Parties, within ten calendar days from the date of this Interim Decision and Order, shall submit a joint filing that explains their basis for excluding PCAC revenues from the Joint Statement.

III.

Ultimate Findings of Fact and Conclusions of Law

The commission makes the following findings of fact and conclusions of law:

1. HRS § 269-16(d) mandates that the commission make every effort to complete its deliberations and issue a final decision in public utility rate cases within nine months after a completed application has been filed by a utility. If such deliberations are not concluded within the nine-month period, the commission shall render an interim decision within one month after the expiration of the nine-month period.

²⁷Order No. 23675, at 7-8 (footnotes, citations, and text therein omitted); see also id., Ordering ¶ 3, at 9-10.

The interim decision may be postponed an additional thirty days if the commission considers the evidentiary hearing incomplete.

2. The eleven-month period for the issuance of an interim rate decision in this docket expires on December 26, 2007, as set forth in Order No. 23675. This Interim Decision and Order is issued in compliance with HRS § 269-16(d).

3. Pursuant to HRS § 269-16(d), the commission may grant an interim increase, subject to refund and interest, pending a final decision, if the commission believes that the public utility is probably entitled to an increase in its rates.

4. Based on the docket record before the commission, including the Joint Statement of Probable Entitlement, WHUC is probably entitled to an increase in its rates.

5. Without interim relief, WHUC may be denied an opportunity to earn a fair return on its rate base.

6. For interim purposes, pending a final decision in this docket, it is appropriate and reasonable to adopt an average depreciated rate base of \$5,210,770, a rate of return on the rate base of 8.94 percent, and test year results of operations (consolidated operations basis), as set forth in Exhibit A, which is attached to this Interim Decision and Order.

7. WHUC is probably entitled to an interim increase in revenues of \$1,146,512, or an increase of approximately 27 percent over revenues at present rates (consolidated operations basis).

IV.

Orders

THE COMMISSION ORDERS:

1. WHUC may increase its rates, on an interim basis, to such levels as will produce, in the aggregate, \$1,146,512 in additional revenues for the test year (approximately 27 percent over revenues at present rates).

2. The interim increase in rates shall take effect from December 31, 2007, provided that WHUC shall file its revised tariff rates with the commission by December 28, 2007, with the applicable issued and effective dates, and serve copies on the Consumer Advocate.

3. Upon the issuance of the final Decision and Order in this proceeding, any amount collected pursuant to this interim rate increase that is in excess of the increase determined by the final decision and order to be just and reasonable shall be refunded to WHUC's ratepayers, together with interest as provided by HRS § 269-16(d).

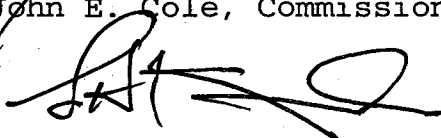
4. The Parties, within ten calendar days from the date of this Interim Decision and Order, shall submit a joint filing that explains their basis for excluding PCAC revenues from the Joint Statement.

DONE at Honolulu, Hawaii DEC 21 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:


Michael Azama
Commission Counsel

2006-0409.eh

DOCKET NO. 06-0409
WAIKOLOA RESORT UTILITIES, INC.
dba WEST HAWAII UTILITIES COMPANY
CONSOLIDATED REVENUE REQUIREMENTS
TEST YEAR ENDED DECEMBER 31, 2007

	<u>Present Rates</u>	<u>Additional Amount</u>	<u>Interim Rates</u>
Total Estimated Operating Revenues	\$ 4,167,650	\$ 1,146,513	\$ 5,314,163
Less:			
Total Operating Expenses	3,462,150	-	3,462,150
Total Depreciation Expenses	750,154	-	750,154
Total TOTIT	266,104	73,205	339,309
Total Expenses	<u>4,478,408</u>	<u>73,205</u>	<u>4,551,613</u>
Total Taxable Income from Operations	(310,758)	1,073,308	762,550
Total Income Taxes	(120,916)	417,624	296,708
Total Net Oper. Income After Tax	<u>\$ (189,842)</u>	<u>\$ 655,684</u>	<u>\$ 465,842</u>
Total Rate Base	\$ 5,210,770		\$ 5,210,770
Total Return on Rate Base	-3.64%		8.94%

DOCKET NO. 06-0409
WAIKOLOA RESORT UTILITIES, INC.
dba WEST HAWAII UTILITIES COMPANY
REVENUE REQUIREMENTS - WATER
TEST YEAR ENDED DECEMBER 31, 2007

	Present Rates	Additional Amount	Interim Rates
REVENUES			
Water Fees Monthly Meter	\$ 34,457	\$ 5,701	\$ 40,158
Water Fees Monthly Usage	2,972,372	491,872	3,464,244
Water Fees Private Fire	41,184	6,816	48,000
Total Operating Revenues	<u>3,048,013</u>	<u>504,389</u>	<u>3,552,402</u>
OPERATING & MAINT. EXPENSES			
601.1 Pumping - Oper Labor	26,509		26,509
601.2 Pumping - Maint. Equip.	3,239		3,239
601.3 Water Treat. Labor	11,875		11,875
601.4 Water Treat. - Maint. Labor	3,229		3,229
601.5 Trans & Dist. - Oper & Mains	11,754		11,754
601.6 Trans & Dist. Maint. Mains	19,359		19,359
615.1 Pumping - Oper Fuel & Power	1,736,666		1,736,666
618.3 Water Treat Chemicals	7,992		7,992
620.1 Pumping - Operat. Exp.	4,776		4,776
620.2 Pumping - Maint. of Equip.	6,234		6,234
620.3 Water Treatment - Exp.	1,128		1,128
620.4 Water Treat. - Maint. Exp.	3,720		3,720
620.5 T & D Operations Exp.	2,028		2,028
620.6 T & D Mains Exp.	11,262		11,262
620.6.1 T & D - Maint. Mains - Amort.	-		-
635.1 Pumping - Oper - Contract	23,786		23,786
635.2 Pumping - Maint - Contr. Svs.	-		-
635.3 Water Treat. - Contr. Svs.	1,440		1,440
635.5 Dist. - O & M Contract Svs.	3,504		3,504
635.6 Trans - O & M Contr. Svs.	33,204		33,204
642.1 Equipment Leases	-		-
General & Admin	444,600		444,600
Total O & M Expenses	<u>2,356,305</u>	<u>-</u>	<u>2,356,305</u>
Depreciation	412,062		412,062
TOTIT	194,616	32,205	226,821
Income Taxes	33,085	183,727	216,812
Net Operating Expense	<u>639,763</u>	<u>215,932</u>	<u>855,695</u>
Net Operating Income (Loss)	<u>\$ 51,945</u>	<u>\$ 288,457</u>	<u>\$ 340,402</u>
Average Rate Base	<u>\$ 3,807,645</u>		<u>\$ 3,807,645</u>
Return on Rate Base	<u>1.36%</u>		<u>8.94%</u>

DOCKET NO. 06-0409
WAIKOLOA RESORT UTILITIES, INC.
dba WEST HAWAII UTILITIES COMPANY
TAXES OTHER THAN INCOME TAXES - WATER
TEST YEAR ENDED DECEMBER 31, 2007

	<u>Tax Rates</u>	<u>Present Rates</u>	<u>Additonal Amount</u>	<u>Interim Rates</u>
Total Operating Revenues		<u>\$ 3,048,013</u>	<u>\$ 504,389</u>	<u>\$ 3,552,402</u>
Public Company Service Tax	5.885%	179,376	29,683	209,059
Public Utility Fee	0.500%	<u>15,240</u>	<u>2,522</u>	<u>17,762</u>
Total Revenue Taxes	6.385%	<u>\$ 194,616</u>	<u>\$ 32,205</u>	<u>\$ 226,821</u>

DOCKET NO. 06-0409
WAIKOLOA RESORT UTILITIES, INC.
dba WEST HAWAII UTILITIES COMPANY
INCOME TAX EXPENSE - WATER
TEST YEAR ENDED DECEMBER 31, 2007

	<u>Present Rates</u>	<u>Interim Rates</u>
REVENUES		
Water Fees Monthly Meter	\$ 34,457	\$ 40,158
Water Fees Monthly Usage	2,972,372	3,464,244
Water Fees Private Fire	<u>41,184</u>	<u>48,000</u>
Total Operating Revenues	3,048,013	3,552,402
OPERATING & MAINT. EXPENSES		
Pumping - Oper Labor	26,509	26,509
Pumping - Maint. Equip.	3,239	3,239
Water Treat. Labor	11,875	11,875
Water Treat. - Maint. Labor	3,229	3,229
Trans & Dist. - Oper & Mains	11,754	11,754
Trans & Dist. Maint. Mains	19,359	19,359
Pumping - Oper Fuel & Power	1,736,666	1,736,666
Water Treat Chemicals	7,992	7,992
Pumping - Operat. Exp.	4,776	4,776
Pumping - Maint. of Equip.	6,234	6,234
Water Treatment - Exp.	1,128	1,128
Water Treat. - Maint. Exp.	3,720	3,720
T & D Operations Exp.	2,028	2,028
T & D Mains Exp.	11,262	11,262
T & D - Maint. Mains - Amort.	-	-
Pumping - Oper - Contract	23,786	23,786
Pumping - Maint - Contr. Svs.	-	-
Water Treat. - Contr. Svs.	1,440	1,440
Dist. - O & M Contract Svs.	3,504	3,504
Trans - O & M Contr. Svs.	33,204	33,204
Equipment Leases	-	-
General & Admin	444,600	444,600
Depreciation Expense	412,062	412,062
TOTIT	<u>194,616</u>	<u>226,821</u>
Total O & M Expenses	2,962,983	2,995,188
 Taxable Income	 85,030	 557,214
 Income Tax Provision		
Effective tax rate of 38.9100%	33,085	216,812
 Income Tax Expense	 <u>\$ 33,085</u>	 <u>\$ 216,812</u>

DOCKET NO. 06-0409
WAIKOLOA RESORT UTILITIES, INC.
dba WEST HAWAII UTILITIES COMPANY
AVERAGE RATE BASE - WATER
TEST YEAR ENDED DECEMBER 31, 2007

Description	At 12/31/2006	At 12/31/2007	Average
Plant in Service	\$ 13,245,689	\$ 15,803,846	
Accum. Depreciation	3,737,861	4,149,923	
Net-Plant-in-Service	<u>9,507,828</u>	<u>11,653,923</u>	<u>\$ 10,580,876</u>
Deduct:			
HCGETC	323,933	410,968	
Unamortized CIAC	5,437,802	6,088,072	
Accumulated Deferred Income Tax	832,896	845,508	
Subtotal	<u>6,594,631</u>	<u>7,344,548</u>	<u>6,969,590</u>
Subtotal	<u>2,913,197</u>	<u>4,309,375</u>	<u>3,611,286</u>
Average			3,611,286
Working Cash at Present Rates			<u>196,359</u>
Rate Base at Present and Proposed Rates			<u><u>\$ 3,807,645</u></u>

DOCKET NO. 06-0409
WAIKOLOA RESORT UTILITIES, INC.
dba WEST HAWAII UTILITIES COMPANY
WORKING CASH REQUIREMENT - WATER
TEST YEAR ENDED DECEMBER 31, 2007

Operating Expenses		
601.1	Pumping - Oper Labor	\$ 26,509
601.2	Pumping - Maint. Equip.	3,239
601.3	Water Treat. Labor	11,875
601.4	Water Treat. - Maint. Labor	3,229
601.5	Trans & Dist. - Oper & Mains	11,754
601.6	Trans & Dist. Maint. Mains	19,359
615.1	Pumping - Oper Fuel & Power	1,736,666
618.3	Water Treat. Chemicals	7,992
620.1	Pumping - Operat. Exp.	4,776
620.2	Pumping - Maint. of Equip.	6,234
620.3	Water Treatment - Exp.	1,128
620.4	Water Treat. - Maint. Exp.	3,720
620.5	T & D Operations Exp.	2,028
620.6	T & D Mains Exp.	11,262
620.6.1	T & D - Maint. Mains - Amort.	-
635.1	Pumping - Oper - Contract	23,786
635.2	Pumping - Maint - Contr. Svs.	-
635.3	Water Treat. - Contr. Svs.	1,440
635.5	Dist. - O & M Contract Svs.	3,504
635.6	Trans - O & M Contr. Svs.	33,204
642.1	Equipment Leases	-
	General & Admin	444,600
	Total O & M	\$ 2,356,305
Number of months in a year		12
Working Cash		<u>\$ 196,359</u>

DOCKET NO. 06-0409
WAIKOLOA RESORT UTILITIES, INC.
dba WEST HAWAII UTILITIES COMPANY
REVENUE REQUIREMENTS - WASTE
TEST YEAR ENDED DECEMBER 31, 2007

	Present Rates	Additional Amount	Interim Rates
REVENUES			
Sewer Fees Monthly Fixed	\$ 143,859	\$ 120,843	\$ 264,702
Sewer Fees Monthly Usage	689,018	560,475	1,249,493
Total Operating Revenues	<u>832,877</u>	<u>681,318</u>	<u>1,514,195</u>
OPERATING & MAINT. EXPENSES			
701.3 Pumping - Oper Exp.	26,415		26,415
701.4 Pumping - Maint. Equip.	19,475		19,475
701.5 Treat & Disp - Oper Labor	224,772		224,772
701.6 T & D Maint of T & D Pint - Labor	37,057		37,057
715.3 Pumping - Oper Fuel & Power	66,948		66,948
715.5 Treat & Disp - Fuel/Power	210,384		210,384
718.5 Treat & Disp. - Other Chemicals	33,300		33,300
720.3 Pumping - Other Operating Exp.	5,544		5,544
720.4 Pumping - Main of Pump Equip.	13,572		13,572
720.5 Treat & Disp - Oper Exp.	47,688		47,688
720.6 T & D Maint of T & D Plant	24,012		24,012
720.5.2 Treat & Disp. - Oper. - Pur Water	2,220		2,220
735.3 Pumping - Oper - Contract Svs.	3,996		3,996
735.4 Pumping - Maint - Contr. Svs.	10,404		10,404
735.5 Treat & Disp. - Contr. Svs.	8,496		8,496
735.6 Treat & Disp. - Maint. Contr.	27,264		27,264
742.3 Equipment Leases	21,072		21,072
742.5 Rental of Equipment	-		-
General & Admin	179,588		179,588
Total O & M Expenses	962,207	-	962,207
Depreciation	313,953	-	313,953
TOTIT	53,179	43,502	96,681
Income Taxes	(193,173)	248,174	55,001
Net Operating Expense	<u>173,959</u>	<u>291,676</u>	<u>465,635</u>
Net Operating Income (Loss)	<u>(303,289)</u>	<u>389,642</u>	<u>86,353</u>
Average Rate Base	<u>\$ 965,916</u>		<u>\$ 965,916</u>
Return on Rate Base	<u>-31.40%</u>		<u>8.94%</u>

DOCKET NO. 06-0409
WAIKOLOA RESORT UTILITIES, INC.
dba WEST HAWAII UTILITIES COMPANY
TAXES OTHER THAN INCOME TAXES - WASTE
TEST YEAR ENDED DECEMBER 31, 2007

	<u>Tax Rates</u>	<u>Present Rates</u>	<u>Additional Amount</u>	<u>Interim Rates</u>
Total Operating Revenues		<u>\$ 832,877</u>	<u>\$ 681,318</u>	<u>\$ 1,514,195</u>
Public Company Service Tax	5.885%	49,015	40,096	89,110
Public Utility Fee	0.500%	<u>4,164</u>	<u>3,407</u>	<u>7,571</u>
Total Revenue Taxes	6.385%	<u>\$ 53,179</u>	<u>\$ 43,502</u>	<u>\$ 96,681</u>

DOCKET NO. 06-0409
WAIKOLOA RESORT UTILITIES, INC.
dba WEST HAWAII UTILITIES COMPANY
INCOME TAX EXPENSE - WASTE
TEST YEAR ENDED DECEMBER 31, 2007

	<u>Present Rates</u>	<u>Interim Rates</u>
REVENUES		
Sewer Fees Monthly Fixed	\$ 143,859	\$ 264,702
Sewer Fees Monthly Usage	689,018	1,249,493
Total Operating Revenues	<u>832,877</u>	<u>1,514,195</u>
OPERATING & MAINT. EXPENSES		
Pumping - Oper Exp.	26,415	26,415
Pumping - Maint. Equip.	19,475	19,475
Treat & Disp - Oper Labor	224,772	224,772
T & D Maint of T & D Pint - Labor	37,057	37,057
Pumping - Oper Fuel & Power	66,948	66,948
Treat & Disp - Fuel/Power	210,384	210,384
Treat & Disp. - Other Chemicals	33,300	33,300
Pumping - Other Operating Exp.	5,544	5,544
Pumping - Main of Pump Equip.	13,572	13,572
Treat & Disp - Oper Exp.	47,688	47,688
T & D Maint of T & D Plant	24,012	24,012
Treat & Disp. - Oper. - Pur Water	2,220	2,220
Pumping - Oper - Contract Svs.	3,996	3,996
Pumping - Maint - Contr. Svs.	10,404	10,404
Treat & Disp. - Contr. Svs.	8,496	8,496
Treat & Disp. - Maint. Contr.	27,264	27,264
Equipment Leases	21,072	21,072
Rental of Equipment	-	-
General & Admin	179,588	179,588
Depreciation Expense	313,953	313,953
TOTIT	53,179	96,681
Total Operating & Maint. Exp.	<u>1,329,339</u>	<u>1,372,841</u>
Taxable Income	(496,462)	141,354
Income Tax Provision		
Effective tax rate of 38.9100%	(193,173)	55,001
Income Tax Expense	<u>\$ (193,173)</u>	<u>\$ 55,001</u>

DOCKET NO. 06-0409
WAIKOLOA RESORT UTILITIES, INC.
dba WEST HAWAII UTILITIES COMPANY
AVERAGE RATE BASE - WASTE
TEST YEAR ENDED DECEMBER 31, 2007

Description	At 12/31/2006	At 12/31/2007	Average
Plant in Service	\$ 9,939,838	\$ 9,939,838	
Accum. Depreciation	2,689,055	3,003,007	
Net-Plant-in-Service	<u>7,250,783</u>	<u>6,936,831</u>	<u>7,093,807</u>
Deduct:			
HCGETC	92,039	84,835	
CIAC	5,836,831	6,199,806	
Accumulated Deferred Income Tax	107,429	95,210	
Subtotal	<u>6,036,299</u>	<u>6,379,851</u>	<u>6,208,075</u>
Subtotal	1,214,484	556,980	
Average			885,732
Working Cash at Present Rates			<u>80,184</u>
Rate Base at Present and Proposed Rates			<u><u>\$ 965,916</u></u>

DOCKET NO. 06-0409
WAIKOLOA RESORT UTILITIES, INC.
dba WEST HAWAII UTILITIES COMPANY
WORKING CASH REQUIREMENT - WASTE
TEST YEAR ENDED DECEMBER 31, 2007

Operating Expenses

701.3	Pumping - Oper Exp.	\$	26,415
701.4	Pumping - Maint. Equip.		19,475
701.5	Treat & Disp - Oper Labor		224,772
701.6	T & D Maint of T & D Pint - Labor		37,057
715.3	Pumping - Oper Fuel & Power		66,948
715.5	Treat & Disp - Fuel/Power		210,384
718.5	Treat & Disp. - Other Chemicals		33,300
720.3	Pumping - Other Operating Exp.		5,544
720.4	Pumping - Main of Pump Equip.		13,572
720.5	Treat & Disp - Oper Exp.		47,688
720.6	T & D Maint of T & D Plant		24,012
720.5.2	Treat & Disp. - Oper. - Pur Water		2,220
735.3	Pumping - Oper - Contract Svs.		3,996
735.4	Pumping - Maint - Contr. Svs.		10,404
735.5	Treat & Disp. - Contr. Svs.		8,496
735.6	Treat & Disp. - Maint. Contr.		27,264
742.3	Equipment Leases		21,072
742.5	Rental of Equipment		-
	General & Admin		179,588
	Total O & M		<u>962,207</u>

Number of months in a year	<u>12</u>
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Working Cash	<u>\$ 80,184</u>
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DOCKET NO. 06-0409
WAIKOLOA RESORT UTILITIES, INC.
dba WEST HAWAII UTILITIES COMPANY
REVENUE REQUIREMENTS - IRRIGATION
TEST YEAR ENDED DECEMBER 31, 2007

	Present Rates	Additional Amount	Interim Rates
REVENUES			
Irrigation Revenues	\$ 286,760	(39,194)	\$ 247,566
Total Operating Revenues	<u>\$ 286,760</u>	<u>\$ (39,194)</u>	<u>\$ 247,566</u>
OPERATING & MAINT. EXPENSES			
601.1 Pumping - Oper Labor	6,011		6,011
601.2 Pumping - Maint. Supv & Eng.	2,851		2,851
601.3 Water Treat. Labor	5,547		5,547
615.1 Pumping - Purchased Power	92,208		92,208
620.1 Pumping - Oper. Exp.	1,044		1,044
620.2 Pumping - Maint Supv. & Eng.	1,428		1,428
620.3 Water Treatment - Exp.	708		708
620.6 Irrigation T&D Materials	-		-
635.2 Pumping - Maint. Contr. Svs.	7,032		7,032
642.5 Rental Equipment	-		-
General & Admin	26,809		26,809
Total O & M Expenses	<u>\$ 143,638</u>	<u>-</u>	<u>\$ 143,638</u>
Depreciation	\$ 24,139	\$ -	\$ 24,139
TOTIT	18,310	\$ (2,503)	15,807
Income Taxes	39,172	\$ (14,277)	24,895
Net Operating Expense	<u>\$ 81,621</u>	<u>\$ (16,779)</u>	<u>\$ 64,841</u>
Net Operating Income (Loss)	<u>\$ 61,501</u>	<u>\$ (22,415)</u>	<u>\$ 39,087</u>
Average Rate Base	<u>\$ 437,209</u>		<u>\$ 437,209</u>
Return on Rate Base	<u>14.07%</u>		<u>8.94%</u>

DOCKET NO. 06-0409
WAIKOLOA RESORT UTILITIES, INC.
dba WEST HAWAII UTILITIES COMPANY
TAXES OTHER THAN INCOME TAXES - IRRIGATION
TEST YEAR ENDED DECEMBER 31, 2007

	<u>Tax Rates</u>	<u>Present Rates</u>	<u>Additional Amount</u>	<u>Interim Rates</u>
Total Operating Revenues		<u>\$ 286,760</u>	<u>\$ (39,194)</u>	<u>\$ 247,566</u>
Public Company Service Tax	5.885%	16,876	(2,307)	14,569
Public Utility Fee	0.500%	<u>1,434</u>	<u>(196)</u>	<u>1,238</u>
Total Revenue Taxes	6.385%	<u>\$ 18,310</u>	<u>\$ (2,503)</u>	<u>\$ 15,807</u>

DOCKET NO. 06-0409
WAIKOLOA RESORT UTILITIES, INC.
dba WEST HAWAII UTILITIES COMPANY
INCOME TAX EXPENSE - IRRIGATION
TEST YEAR ENDED DECEMBER 31, 2007

	<u>Present Rates</u>	<u>Interim Rates</u>
REVENUES		
Irrigation Revenues	\$ 286,760	\$ 247,566
Total Operating Revenues	<u>286,760</u>	<u>247,566</u>
OPERATING & MAINT. EXPENSES		
Pumping - Oper Labor	6,011	6,011
Pumping - Maint. Supv & Eng.	2,851	2,851
Water Treat. Labor	5,547	5,547
Pumping - Purchased Power	92,208	92,208
Pumping - Oper. Exp.	1,044	1,044
Pumping - Maint Supv. & Eng.	1,428	1,428
Water Treatment - Exp.	708	708
Irrigation T&D Materials	-	-
Pumping - Maint. Contr. Svs.	7,032	7,032
Rental Equipment	-	-
General & Admin	26,809	26,809
Depreciation Expense	24,139	24,139
TOTIT	<u>18,310</u>	<u>15,807</u>
Total O & M Expenses	186,087	183,584
 Taxable Income	 100,673	 63,982
 Income Tax Provision		
Effective tax rate of 38.9100%	39,172	24,895
 Income Tax Expense	 <u>\$ 39,172</u>	 <u>\$ 24,895</u>

DOCKET NO. 06-0409
WAIKOLOA RESORT UTILITIES, INC.
dba WEST HAWAII UTILITIES COMPANY
AVERAGE RATE BASE - IRRIGATION
TEST YEAR ENDED DECEMBER 31, 2007

Description	At 12/31/2006	At 12/31/2007	Average
Plant in Service	\$ 1,107,207	\$ 1,107,207	
Accum. Depreciation	461,115	485,254	
Net-Plant-in-Service	<u>646,092</u>	<u>621,953</u>	\$ 634,023
Deduct:			
HCGETC	26,010	24,978	
CIAC	-	-	
Accumulated Deferred Income Tax	<u>179,150</u>	<u>187,429</u>	
	<u>205,160</u>	<u>212,407</u>	208,784
Subtotal	440,932	409,546	425,239
Average			425,239
Working Cash at Present Rates			<u>11,970</u>
Rate Base at Present and Proposed Rates			<u><u>\$ 437,209</u></u>

DOCKET NO. 06-0409
WAIKOLOA RESORT UTILITIES, INC.
dba WEST HAWAII UTILITIES COMPANY
WORKING CASH REQUIREMENT - IRRIGATION
TEST YEAR ENDED DECEMBER 31, 2007

Operating Expenses

601.1	Pumping - Oper Labor	\$	6,011
601.2	Pumping - Maint. Supv & Eng.		2,851
601.3	Water Treat. Labor		5,547
615.1	Pumping - Purchased Power		92,208
620.1	Pumping - Oper. Exp.		1,044
620.2	Pumping - Maint Supv. & Eng.		1,428
620.3	Water Treatment - Exp.		708
620.6	Irrigation T&D Materials		-
635.2	Pumping - Maint. Contr. Svs.		7,032
642.5	Rental Equipment		-
	General & Admin		26,809
	Total O & M		<u>143,638</u>
	Number of months in a year		<u>12</u>
	Working Cash	\$	<u><u>11,970</u></u>

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Interim Decision and Order No. 23925 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

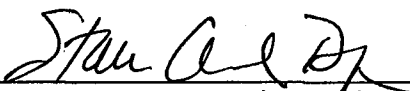
CATHERINE P. AWAKUNI
EXECUTIVE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
P. O. Box 541
Honolulu, HI 96809

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Counsel for WHUC

BRUCE MOORE
DEVELOPMENT MANAGER
WAIKOLOA LAND AND CATTLE COMPANY
150 Waikoloa Beach Drive
Waikoloa, HI 96738-5703

DATED: DEC 21 2007


for Karen Higashi