

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

ORDER NO. 23351

Filed April 10, 2007
At 1 o'clock P.M.

Borlew K. Kane
for Chief Clerk of the Commission

DIV. OF CONSUMER ADVOCACY
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
STATE OF HAWAII

2007 APR 11 A 9:10

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

Borlew K. Kane

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OF THE STATE OF HAWAII

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 dba WEST HAWAII UTILITY COMPANY)
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Docket No. 2006-0409
Order No. 23351

ORDER

By this Order, the commission adopts with modifications the Stipulated Procedural Order submitted by WAIKOLOA RESORT UTILITIES, INC., dba WEST HAWAII UTILITY COMPANY ("WHUC"), and the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate"), on March 21, 2007.¹

I.

Stipulated Procedural Order (as Modified)

On December 29, 2006, WHUC filed its Application seeking the commission's approval of general rate increases of: (1) \$1,594,313, or 52%, over revenues at present rates for its water service; and (2) \$1,107,089, or 132%, over revenues at

¹The Parties in this proceeding are WHUC and the Consumer Advocate, an ex officio party, pursuant to Hawaii Revised Statutes § 269-51 and Hawaii Administrative Rules ("HAR") § 6-61-62(a). The deadline for interested persons to timely file motions to intervene or participate is April 9, 2007, consistent with HAR § 6-61-57(1). In the event intervenor or participant status is granted to any interested person, the commission will amend the Stipulated Procedural Order (as modified) to include any intervenors or participants, to the extent necessary.

present rates for its sewer service.² The requested increases are based on an estimated total revenue requirement of \$6,901,957 for the 2007 calendar test year (including non-potable irrigation service revenues), and an overall rate of return of 11.8%. As part of its Application, WHUC also requests the commission's approval to: (1) revise its Power Cost Adjustment Clause, to reflect current motor efficiencies and electric costs per kWh; and (2) reduce the monthly non-potable irrigation consumption charge assessed to golf courses, from \$0.30 per thousand gallons ("TG") to \$0.29 per TG, a percentage decrease of approximately 3.3%.

On March 21, 2007, the Parties timely submitted their proposed Stipulated Procedural Order for the commission's review and consideration, in response to Order No. 23266, filed on February 20, 2007.³

Upon review, the commission will adopt the Parties' proposed Stipulated Procedural Order, subject to certain modifications. Specifically, the commission amends Section II, Schedule of Proceedings, of the Proposed Stipulated Procedural Order, to set a deadline of June 29, 2007 for the Parties to submit their proposed hearing schedule to the commission, or to

²WHUC's Application; Exhibits WHUC 1 to 9-3; and Certificate of Service, filed on December 29, 2006, and WHUC'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 (collectively, "Application"). WHUC served copies of its Application upon the Consumer Advocate.

³The proposed Stipulated Prehearing Order is attached as Exhibit 1 to this Order.

notify the commission of their agreement to waive the evidentiary hearing, and that the proceeding is ready for decision-making by the commission. Thus, Section II is amended as follows:⁴

II.

.....

If there are substantial disagreements following the filing of the SOPs, and the parties cannot resolve the differences by stipulation and the parties do not waive the right to a hearing, the parties shall propose a hearing schedule (including the filing of simultaneous post-hearing briefs) for Commission approval.

If WHUC determines that a Reply SOP is unnecessary, WHUC and the Consumer Advocate will notify the Commission that the proceeding is ready for decision making. By June 29, 2007, the Parties shall submit their proposed hearing schedule to the Commission, or notify the Commission of their agreement to waive the evidentiary hearing, and that the proceeding is ready for decision-making by the Commission.

The commission also amends Section III.E, General, of the Proposed Stipulated Procedural Order, consistent with past commission decisions governing stipulated prehearing and procedural orders, respectively.⁵ Thus, Section III.E is amended as follows:⁶

⁴Additions are underscored.

⁵See In re Young Bros., Ltd., Docket No. 2006-0396, Order No. 23311, filed on March 16, 2007, at 6 n.9 (citing to In re Maui Elec. Co., Ltd., Docket No. 2006-0186, Order No. 22837, filed on September 11, 2006); In re Young Bros., Ltd., Docket No. 2006-0120, Order No. 22695, filed on August 7, 2006; and In re Kauai Island Util. Coop., Docket No. 2006-0134, Order No. 22666, filed on August 2, 2006.

⁶Deletions are bracketed, additions are underscored.

III.

.
E. General

These procedures are consistent with the orderly conduct of this docket. [Pursuant to Chapter 61, subchapter 3, section 6-61-37 of the Commission's Rules of Practice and Procedure, this] This Stipulated Procedural Order shall control the subsequent course[s] of the proceedings, unless modified [at or prior to the hearings to prevent manifest injustice.] by the Parties in writing and approved by the Commission, or upon the Commission's own motion.

II.

Orders

THE COMMISSION ORDERS:

1. The proposed Stipulated Procedural Order submitted by the Parties on March 21, 2007, attached as Exhibit 1 herein, is adopted as modified herein to govern the proceedings in this docket.

2. Section II is amended to read as follows:

II.

.
If there are substantial disagreements following the filing of the SOPs, and the parties cannot resolve the differences by stipulation and the parties do not waive the right to a hearing, the parties shall propose a hearing schedule (including the filing of simultaneous post-hearing briefs) for Commission approval.

If WHUC determines that a Reply SOP is unnecessary, WHUC and the Consumer Advocate will notify the Commission that the proceeding is ready for decision making. By June 29, 2007, the Parties shall submit their proposed hearing schedule to the Commission, or notify the

Commission of their agreement to waive the evidentiary hearing, and that the proceeding is ready for decision-making by the Commission.

3. Section III.E of the Stipulated Procedural Order is amended to read as follows:

III.

.....

E. General

These procedures are consistent with the orderly conduct of this docket. This Stipulated Procedural Order shall control the subsequent course of the proceedings, unless modified by the Parties in writing and approved by the Commission, or upon the Commission's own motion.

DONE at Honolulu, Hawaii APR 10 2007.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
John E. Cole, Commissioner

APPROVED AS TO FORM:


Michael Azama
Commission Counsel

2006-0409.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

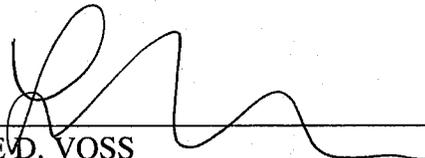
In the Matter of the Application) DOCKET NO. 06-0409
)
 of)
)
 WAIKOLOA RESORT UTILITIES, INC.,)
 d/b/a WEST HAWAII UTILITY)
 COMPANY,)
)
 For Approval to Increase Rates.)
 _____)

STIPULATED PROCEDURAL ORDER

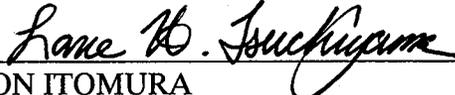
Applicant Waikoloa Resort Utilities, Inc., d/b/a West Hawaii Utility Company
("WHUC") and the Division of Consumer Advocacy of the Department of Commerce and
Consumer Affairs ("Consumer Advocate") hereby stipulate that the attached Stipulated
Procedural Order is mutually acceptable to each respective party.

DATED: Honolulu, Hawai'i, _____

MAR 21 2007



BRUCE D. VOSS
LORI N. TANIGAWA
Attorneys for Applicant
Waikoloa Resort Utilities, Inc. dba
West Hawaii Utility Company



JON ITOMURA
LANE H. TSUCHIYAMA
Attorneys for the
Division of Consumer Advocacy
Department of Commerce and Consumer Affairs

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application)	DOCKET NO. 06-0409
)	
of)	
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WAIKOLOA RESORT UTILITIES, INC.,)	
d/b/a WEST HAWAII UTILITY)	
COMPANY,)	
)	
For Approval to Increase Rates.)	
_____)	

STIPULATED PROCEDURAL ORDER

On December 29, 2006, Waikoloa Resort Utilities, Inc., d/b/a West Hawaii Utility Company (“WHUC”) filed an application seeking approval to increase its rates (“Application”), pursuant to Hawaii Revised Statutes Section 269-16. WHUC served copies of its Application on the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs (“Consumer Advocate” or “CA”).

By Order No. 23266 filed February 21, 2007 in Docket No. 2006-0409, the Public Utilities Commission (“Commission”) instructed WHUC and the Consumer Advocate to submit a stipulated procedural schedule for the Commission’s review and consideration within thirty (30) days of Order No. 23266.

WHUC and the Consumer Advocate have reached an agreement on the procedural schedule for Docket No. 2006-0409 and submit this Stipulated Procedural Order to the Commission which is acceptable to the parties.

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

I.

ISSUES

The underlying issue in this matter is whether WHUC's proposed change in rates is reasonable. This will involve a review of sub-issues including, but not limited to, the following:

- A. Whether the rate base, proposed rate increases, and proposed rate of return are just and reasonable.
- B. Whether the revenue forecasts for the 2007 test year at present and proposed rates are reasonable?
- C. Whether the projected operating expenses for the 2007 test year are reasonable?

II.

SCHEDULE OF PROCEEDINGS

WHUC Application for rate increase approval	December 29, 2006
CA Information Requests ("IRs") to WHUC ¹	Tuesday, April 3, 2007
WHUC IR Responses to CA	Friday, April 20, 2007
CA Supplemental IRs ("SIRs"), if necessary	Friday, May 4, 2007
WHUC SIR Responses to CA	Friday, May 18, 2007
CA Statement of Position ("SOP")	Friday, June 8, 2007
WHUC SOP, if necessary*	Friday, June 22, 2007

* If the CA objects to approval of WHUC's Application, or requests that approval be subject to conditions.

¹ Whenever possible, the parties will provide a copy of documents on diskette upon request.

If there are substantial disagreements following the filing of the SOPs, and the parties cannot resolve the differences by stipulation and the parties do not waive the right to a hearing, the parties shall propose a hearing schedule (including the filing of simultaneous post-hearing briefs) for Commission approval.

If WHUC determines that a Reply SOP is unnecessary, WHUC and the Consumer Advocate will notify the Commission that the proceeding is ready for decision making.

III.

MISCELLANEOUS MATTERS TO FACILITATE AND EXPEDITE THE ORDERLY CONDUCT OF THESE PROCEEDINGS

A. Requests for Information

To the extent practical, WHUC and the Consumer Advocate will cooperate (1) by exchanging information requests and responses as they become available, and (2) by resolving questions regarding information requests and responses informally to attempt to work out problems with respect to understanding the scope and meaning of information requests, or with respect to the availability of information. 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 endeavor to agree upon a later date for submission of the requested information.

In lieu of responses to information requests that would require the reproduction of voluminous documents or materials (documents consisting of 100 pages or more), 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 or other readily usable electronic medium, the party responding to the information

request may make the diskette or such electronic medium, with all formula and cell references intact, available to the other party and the Commission.

A party shall not be required, in response to an information request, to provide data that are already on file with the Commission or otherwise part of the public record, or that may be stipulated to pursuant to Part B, *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 governing this docket.

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

B. Matters of Public Record

In order to provide a means to reduce unnecessary reproduction of documents and to facilitate these proceedings, identified matters of public record, such as reports that WHUC has filed with the Commissioner, published decisions of this or other Commissions, published scientific or economic statistical data, material and textbooks, technical or industry journals relating to water, sewer, and/or irrigation utilities 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 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.

C. Copies of Filings and Information Requests

1. Filings:

Commission	Original + 8 copies
WHUC	2 copies
Consumer Advocate	3 copies

2. Information Requests and Responses:

Commission	Original + 8 copies
WHUC	2 copies
Consumer Advocate	3 copies

3. All pleadings and other documents required to be filed with the Commission shall be filed within the time limits prescribed pursuant to Chapter 61, subchapter 2, section 6-61-15 of the Commission's Rules of Practice and Procedure.

4. Copies of all filings, information requests and information request responses should be sent to the other parties by hand delivery.

D. Communications

Chapter 61, subchapter 3, section 6-61-29 of the Commission's Rules of Practice and Procedure concerning *ex parte* communications is applicable to any communications between a party and the Commission.

Communications between the parties should be through counsel. All pleading, papers, and other documents filed in this proceeding shall be served on the opposing party. All motions, supporting memoranda, and the like shall also be served on opposing counsel.

E. General

These procedures are consistent with the orderly conduct of this docket. Pursuant to Chapter 61, subchapter 3, section 6-61-37 of the Commission's Rules of Practice and Procedure, this Stipulated Procedural Order shall control the subsequent courses of the proceedings, unless modified at or prior to the hearings to prevent manifest injustice.

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DONE at Honolulu, Hawai'i, this _____ day of _____, 2007.

**PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAI'I**

By _____
Carlito P. Caliboso, Chairman

By _____
John E. Cole, 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 Stipulated
Procedural Order No. _____ upon the following parties, by causing a copy
hereof to be mailed, and properly addressed to each such party.

JON S. ITOMURA, ESQ.
LANE H. TSUCHIYAMA, ESQ.
State of Hawai'i
Division of Consumer Advocacy
335 Merchant Street, 3rd Floor
Honolulu, Hawai'i 96813

BRUCE D. VOSS, ESQ.
LORI N. TANIGAWA, ESQ.
Bays Deaver Lung Rose & Holma
1099 Alakea Street, Suite 1600
Honolulu, Hawai'i 96813
Attorneys for
WAIKOLOA RESORT UTILITIES, INC.,
d/b/a WEST HAWAII UTILITY COMPANY

KAREN HIGASHI

DATED:

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 23351 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
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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



for Karen Higashi

DATED: APR 10 2007