

NOTICE OF PUBLIC HEARING

APPLICATION OF LANAI WATER COMPANY, INC. FOR REVIEW AND APPROVAL OF RATE INCREASES; REVISED RATE SCHEDULES; AND CHANGES TO ITS TARIFF

Docket No. 2022-0233

The PUBLIC UTILITIES COMMISSION of the STATE OF HAWAII (“Commission”), pursuant to Hawaii Revised Statutes (“HRS”) §§ 269-12 and 269-16, HEREBY GIVES NOTICE that it will hold public hearings relating to the Application of LANAI WATER COMPANY, INC. (“LWC”), filed on November 21, 2022, for review and approval of rate increases, revisions of rate schedules, and changes to its tariff. To increase the opportunities for the public to offer testimony, the Commission will be holding two public hearings as follows:

1. An in-person hearing:

Tuesday, February 21, 2023, at 4:00 p.m.

Lana`i High & Elementary School Cafeteria
555 Fraser Avenue
Lana`i City, Hawaii 96763

2. A virtual hearing:

Thursday, February 23, 2022, at 5:30 p.m.

Online (via web browser or Webex mobile device app)

Link:

<https://hpuc.my.webex.com/hpuc.my/j.php?MTID=m044248d09c5df7d67691681f83a5c8c8>

Meeting Number: 2557 950 4103

Meeting Password: cjGGXyXJ443

Telephone

Dial-in Number: +1-650-479-3208

Access Code: 2557 950 4103

Meeting Password: 25449995

LWC is a public utility authorized by the Commission to provide: (1) potable water distribution services on the island of Lanai to Lanai City, Koele, Kaumalapau, Manele-Hulopoe, Lanai Airport, Miki Basin and Palawai Basin, Kaupili Road and Upper Kaumalapau Highway, and Upper Manele on the island of Lanai; and (2) non-potable (a.k.a. brackish) water distribution service to the Manele-Hulopoe area on the island of Lanai.

LWC seeks to increase its revenues from its potable water distribution services by \$2,103,729 (an approximate 357% increase from present rates), based on a 2023 test year. LWC seeks to increase its revenues from its non-potable water distribution service by \$155,276 (an approximate 50% increase from present rates), based on a 2023 test year. LWC proposes to implement this increase over five years.

LWC’s present and proposed rates, including proposed five-step implementation schedule, are summarized as follows:

Present Rates for Potable Water Distribution Services

<u>User Charge (2-month billing cycle)</u>	<u>Rate (per 1,000 gallons)</u>
First 25,000 gallons	\$1.10
Over 25,000 gallons	\$1.62

Service Charge (meter reading) (charge per meter per two-month billing cycle)

<u>Meter Size</u>	<u>Rate</u>
5/8 inch	\$5.00
3/4 inch	\$5.00
1 inch	\$10.00
1 1/2 inch	\$10.00
2 inch	\$25.00
3 inch	\$50.00
4 inch	\$75.00
6 inch	\$150.00
8 inch	\$250.00
10 inch	\$250.00
Hydrant	\$80.00

Tap-in Charge per connection

Single Family Unit		\$600.00
Multi-Family Unit		\$475.00
Commercial		
	5/8 inch meter	\$600.00
	3/4 inch meter	\$475.00
	1 inch meter	\$5,400.00
	1 1/2 inch meter	\$8,900.00
	2 inch meter	\$17,800.00
	3 inch meter	\$57,000.00
	4 inch meter	\$89,100.00
	6 inch meter	\$178,200.00
	8 inch meter	\$285,100.00
Agriculture		
	5/8 inch meter	\$700.00
	3/4 inch meter	\$1,000.00
	1 inch meter	\$1,700.00
	1 1/2 inch meter	\$3,500.00
	2 inch meter	\$5,700.00

Proposed Rates for Potable Water Distribution Services

Non-Agricultural Monthly Flat Rate Service Charge

Meter Size	Step 1 (effective upon approval)	Step 2 (effective one year after the effective date of Step 1)	Step 3 (effective one year after the effective date of Step 2)	Step 4 (effective one year after the effective date of Step 3)	Step 5 (effective one year after the effective date of Step 4)
5/8" & 3/4"	\$3.09	\$4.02	\$5.28	\$6.93	\$9.11
1"	\$6.60	\$9.09	\$12.46	\$16.91	\$22.77
1 1/2"	\$8.65	\$14.32	\$22.02	\$32.16	\$45.53
2"	\$17.93	\$26.38	\$37.85	\$52.93	\$72.85
3"	\$35.04	\$50.67	\$71.87	\$99.77	\$136.60
4"	\$54.61	\$81.24	\$117.37	\$164.91	\$227.66
6"	\$109.23	\$162.47	\$234.74	\$329.81	\$455.32
8"	\$179.32	\$263.81	\$378.47	\$529.35	\$728.51
Hydrants/ Standpipes	\$48.69	\$62.22	\$80.57	\$104.72	\$136.60

Non-Agricultural Monthly Water Charge

(in addition to the Monthly Flat Rate Service Charge, there shall also be a Monthly Water Usage Charge based on each 1,000 gallons of metered domestic water)

Monthly usage in level in gallons	Step 1 (effective on approval)	Step 2 (effective one year after the effective date of Step 1)	Step 3 (effective one year after the effective date of Step 2)	Step 4 (effective one year after the effective date of Step 3)	Step 5 (effective one year after the effective date of Step 4)
0 to 5,000	\$1.18	\$1.31	\$1.48	\$1.70	\$2.00
5,001 to 12,500	\$1.36	\$1.77	\$2.32	\$3.04	\$4.00
12,501 to 50,000	\$2.01	\$2.63	\$3.46	\$4.55	\$6.00
50,001 to 400,000	\$2.31	\$3.38	\$4.85	\$6.77	\$9.30
Over 400,00	\$2.40	\$3.62	\$5.27	\$7.43	\$10.30

Agricultural Monthly Flat Rate Service Charge

Meter Size	Step 1 (effective on approval)	Step 2 (effective one year after the effective date of Step 1)	Step 3 (effective one year after the effective date of Step 2)	Step 4 (effective one year after the effective date of Step 3)	Step 5 (effective one year after the effective date of Step 4)
5/8 & 3/4"	\$3.09	\$4.02	\$5.28	\$6.93	\$9.11
1"	\$6.60	\$9.09	\$12.46	\$16.91	\$22.77
1 1/2"	\$8.65	\$14.32	\$22.02	\$32.16	\$45.53
2"	\$17.93	\$26.38	\$37.85	\$52.93	\$72.85
3"	\$35.03	\$50.67	\$71.87	\$99.77	\$136.60
4"	\$54.61	\$81.24	\$117.37	\$164.91	\$227.66

Agricultural Monthly Water Charge

(in addition to the Monthly Flat Rate Service Chare, there shall also be a Monthly Water Usage Charge based on each 1,000 gallons of metered domestic water)

Monthly usage in gallons	Step 1 (effective on approval)	Step 2 (effective one year after the effective date of Step 1)	Step 3 (effective one year after the effective date of Step 2)	Step 4 (effective one year after the effective date of Step 3)	Step 5 (effective one year after the effective date of Step 4)
0 to 200,000	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10
200,001 to 400,000	\$2.31	\$3.39	\$4.85	\$6.77	\$9.30
Over 400,000	\$2.40	\$3.62	\$5.27	\$7.43	\$10.30

Present Rates for Non-Potable Water Distribution Services

	<u>User Charge (2-month billing cycle)</u>	<u>Rate (per 1,000 gallons)</u>
Single Family	Tier 1 (<1,000 per day per lot)	\$3.57
	Tier 2 (>1,000 & <2,500 per day per lot)	\$4.64
	Tier 3 (>2,500 per day per lot)	\$5.72
Multi-Family	Tier 1 (<1,000 per day per unit)	\$3.57
	Tier 2 (>1,000 & <2,500 per day per unit)	\$4.64
	Tier 3 (>2,500 per day per unit)	\$5.72
Homeowners' Association	Tier 1 (<1,000 per day per unit)	\$3.57
	Tier 2 (>1,000 & <2,500 per day per unit)	\$4.64
	Tier 3 (>2,500 per day per unit)	\$5.72
All Other	Tier 1 (<1,000 per day per unit)	\$3.57
	Tier 2 (>1,000 & <2,500 per day per unit)	\$4.64
	Tier 3 (>2,500 per day per unit)	\$5.72

Service Charge (meter reading) (charge per meter per two-month billing cycle)

	<u>Meter Size</u> <i>(inches in decimal format)</i>	<u>Rate</u>
0.625		\$5.00
0.750		\$5.00
1.000		\$10.00
1.500		\$10.00
2.000		\$25.00
3.000		\$50.00
4.000		\$75.00
6.000		\$150.00
8.000		\$250.00
10.000		\$250.00

Proposed Rates for Non-Potable Water Distribution Services

Non-Potable Water Rate Schedule

Customer Classification	Meter Size	Step 1 (effective upon approval)	Step 2 (effective one year after the effective date of Step 1)	Step 3 (effective one year after the effective date of Step 2)	Step 4 (effective one year after the effective date of Step 3)	Step 5 (effective one year after the effective date of Step 4)
Residential	5/8" & 3/4"	\$3.63	\$4.87	\$6.56	\$8.36	\$10.00
Multi Group I	1"	\$8.00	\$11.00	\$15.20	\$20.00	\$25.00
Multi Group II	1 1/2"	\$11.75	\$19.85	\$29.30	\$40.10	\$50.00
Multi Group III	2"	\$22.63	\$34.78	\$48.96	\$65.16	\$80.00
Multi Group IV	3"	\$43.75	\$66.25	\$97.50	\$127.50	\$150.00
Multi Group V	4"	\$69.38	\$107.63	\$160.76	\$211.76	\$250.00

Non-Potable Monthly Water Charge

(in addition to the Monthly Flat Rate Service Charge, there shall also be a Monthly Water Usage Charge based on each 1,000 gallons of metered domestic water)

Customer Classification	Monthly usage in level in gallons	Step 1 (effective on approval)	Step 2 (effective one year after the effective date of Step 1)	Step 3 (effective one year after the effective date of Step 2)	Step 4 (effective one year after the effective date of Step 3)	Step 5 (effective one year after the effective date of Step 4)
Residential	0 to 50,000	\$4.40	\$4.10	\$3.76	\$3.36	\$3.00
	50,001 to 100,000	\$4.85	\$5.09	\$5.36	\$5.70	\$6.00
	100,001 to 300,000	\$5.15	\$5.75	\$6.46	\$7.26	\$8.00
	Over 300,00	\$5.38	\$6.27	\$7.30	\$8.48	\$9.57
Multi Group I	0 to 50,000	\$3.58	\$3.45	\$3.31	\$3.15	\$3.00
	50,001 to 100,000	\$4.03	\$4.44	\$4.93	\$5.49	\$6.00
	100,001 to 300,000	\$4.33	\$5.10	\$6.01	\$7.05	\$8.00
	Over 300,000	\$4.56	\$5.62	\$6.86	\$8.27	\$9.57

Customer Classification	Monthly usage in level in gallons	Step 1 (effective on approval)	Step 2 (effective one year after the effective date of Step 1)	Step 3 (effective one year after the effective date of Step 2)	Step 4 (effective one year after the effective date of Step 3)	Step 5 (effective one year after the effective date of Step 4)
Multi Group II	0 to 50,000	\$3.52	\$3.41	\$3.28	\$3.15	\$3.00
	50,001 to 100,000	\$3.97	\$4.40	\$4.90	\$5.40	\$6.00
	100,001 to 300,000	\$4.27	\$5.06	\$5.98	\$6.90	\$8.00
	Over 300,000	\$4.51	\$5.58	\$6.83	\$8.08	\$9.57
Multi Group III	0 to 50,000	\$4.45	\$4.14	\$3.78	\$3.43	\$3.00
	50,001 to 100,000	\$4.90	\$5.13	\$5.40	\$5.68	\$6.00
	100,001 to 300,000	\$5.20	\$5.79	\$6.48	\$7.18	\$8.00
	Over 300,000	\$5.43	\$6.31	\$7.33	\$8.35	\$9.57
Multi Group IV	0 to 50,000	\$3.94	\$3.74	\$3.51	\$3.28	\$3.00
	50,001 to 100,000	\$4.39	\$4.73	\$5.13	\$5.53	\$6.00
	100,001 to 300,000	\$4.69	\$5.39	\$6.21	\$7.03	\$8.00
	Over 300,000	\$4.93	\$5.91	\$7.05	\$8.20	\$9.57
Multi Group V	0 to 50,000	\$3.70	\$3.55	\$3.38	\$3.21	\$3.00
	50,001 to 100,000	\$4.97	\$5.37	\$5.82	\$6.28	\$6.00
	100,001 to 300,000	\$5.27	\$6.03	\$6.90	\$7.78	\$8.00
	Over 300,000	\$5.51	\$6.54	\$7.75	\$8.95	\$9.57

In addition to requesting a revenue increase, LWC requests that the Commission approve proposed revisions to its potable and non-potable tariffs by, among other things, imposing a service charge for dishonored/returned checks and establishing certain

criteria to qualify for its proposed new Agricultural Potable Water Rate for potable water distribution customers.

The Commission will investigate whether LWC's proposed relief is just and reasonable.

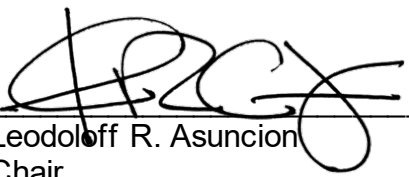
The foregoing is a brief summary of the requests included in the Application. Copies of the Application are available for public review through the Commission's electronic Document Management System, accessible at <http://dms.puc.hawaii.gov/dms/>, Docket Quick Link 2022-0233. In addition, copies of the Application are also available for review by contacting the Commission's Maui District Office [(808) 984-8182] or Honolulu Office [(808) 586-2020], or the Division of Consumer Advocacy [(808) 586-2800].

At the public hearings, the Commission will receive live testimony from the general public regarding LWC's Application and proposed general rate increase and revised rate schedules and tariff changes, pursuant to HRS §§ 269-12(c) and 269-16(f). All interested persons are invited to attend either or both public hearings to state their views on LWC's Application verbally, in writing, or both. So that all in attendance will have the opportunity to speak at the public hearings, the Commission may impose time limits for each person's testimony. Special accommodations for persons with disabilities can be made if requested reasonably in advance by contacting the Commission's Honolulu Office.

In addition, written statements may be mailed to the Commission at 465 South King Street, Room 103, Honolulu, Hawaii, 96813, or sent by electronic mail to puc.comments@hawaii.gov. Written statements should reference Docket No. 2022-0233

and include the author's name and the entity or organization that the author represents, if any.

Any motions to intervene or participate in this proceeding must comply with the applicable provisions of the Commission's *Rules of Practice and Procedure Before the Public Utilities Commission*, Hawaii Administrative Rules, Title 6, Chapter 601. A motion to intervene or participate in this proceeding shall be filed with the Commission's Honolulu Office by March 6, 2023.



Leodoloff R. Asuncion
Chair

Honolulu Star-Advertiser: January 31, 2023; February 7, 14, and 20, 2023.
Maui News: January 31, 2023; February 7, 14, and 20, 2023.