

Lāna‘i Water Company

New Ag Rates and Qualification Requirements

7/6/2023 Meeting



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Background

- * In 2013, the Hawaii Public Utilities Commission (“PUC”) required Lāna‘i Water Company (“LWC”) to file a general rate application after completing \$10M in investments in the water and sewer infrastructure which could not be recovered in rates.
- * LWC filed an application in November 2022.
- * Public Hearings were held in February 2023 on Lāna‘i and virtually to take public testimony.
- * Consumer Advocate (“CA”) reviewed the filing and made recommendations that were agreed to by LWC.
- * In April 2023, the CA and LWC filed a joint settlement agreement with the PUC agreeing on the proposed water rates which are to be phased-in over 5 years.
- * In May 2023, the PUC issued a Proposed Decision and Order in May 2023 approving the settlement agreement.
- * LWC requested the implementation date of 8/15/2023, which would be reflected in bills to be received at the beginning of October 2023.

Ag Rates

- * LWC's new amended rules and regulations include an Agricultural customer classification and related rates.
- * Primary reason for Ag rates is to benefit Lāna'i residents by promoting diversified agricultural activities that provide affordable and fresh produce to island residents.
- * Customer must apply and be verified by LWC to receive the Ag rates. Thereafter, annual verification is required. We will cover the application process in this presentation.

Next Steps

- * We are waiting for the PUC to issue its Final Decision and Order.
- * Proposed effective date for the Ag rates is 8/15/2023.
- * Apply for Ag rates by 8/15/2023.
- * Application must be submitted annually by June 30.
- * LWC will verify that customer qualifies for the Ag rates.
- * First bills with new rates will be delivered in early October 2023.

Changes

- * Monthly billing instead of Bi-monthly billing.
- * 3 tiered rate structure instead of 2 tiers.
- * Fixed monthly fee based on meter size.
- * Consumption rates and fixed fees will increase each year, except for the first tier (Ag customers using less than 200,000 gallons per month).

Proposed Ag Rates

OLD RATES

2 month billing cycle

Usage Charge

First 25,000 gallons	1.10
Over 25,000 gallons	1.62

Fixed Fee

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

PROPOSED RATES

Monthly billing cycle

Usage Charge

First 200,000 gallons	1.10
200,001 - 400,000 gallons	2.21
Over 400,000 gallons	2.32

Fixed Fee

5/8 inch	3.09
3/4 inch	3.09
1 inch	6.60
1-1/2 inch	8.65
2 inch	17.93
3 inch	35.04
4 inch	54.61

Step 1
est

8/15/2023

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** This rate is fixed and does not change unless there is another rate filing.

EXAMPLE – Ag Bill with new approved rates

Qualified Ag Customer

Bi monthly Usage 150,000
 Monthly usage 75,000
 1-1/2 meter

Current Bill

First 25,000 gallons	1.10	27.50
Next 125,000 gallons	1.62	202.50
Fixed meter fee		10.00
BI monthly bill		<u>240.00</u>
Monthly bill		<u><u>120.00</u></u>

At approved rates

First 200,000 gallons	1.10	82.50
Fixed meter fee		8.65
Monthly bill		<u><u>91.15</u></u>
<i>decrease in bill</i>		<i>28.85</i>

Ag Rate Application Process

- * Complete Application for Agricultural Rates.
- * Provide necessary documents with Application.
- * Submit applications to LWC **by August 15, 2023.**
- * LWC will verify that customer qualifies for Ag rate.
- * We estimate that the first bills with new Ag rates will be sent in early October.
- * Application must be submitted annually by June 30.

Application

- * Application to be completed by Account Holder.
- * Provide State Tax Form G-45, G-49, sales receipts and/or other forms of verification acceptable by LWC.
- * Prove that Agricultural Activities are commercially viable, i.e. total annual gross revenues are at least \$1,000 averaged over the last three (3) years.
- * Written verification (including maps, drawings or plans) that water will only be used for Agricultural Activities.
- * Commercial agricultural irrigation systems shall be separately metered.
- * 50% of customer's usable area or 1.5 acres, whichever is less, shall be used for Agricultural Activities.


Customer Service Options

The image shows a browser window displaying the website for Lanai Water Company, Inc. The browser's address bar shows the URL <https://www.lanaiwatercompany.com>. A black banner at the top of the page reads: "Save time each month by using our safe, secure and simple online portal to pay your water bill!". Below this is a green navigation bar with the following links: "Pay Bill", "About Us", "Meters & Rates", "Water Reports", and "Water Resources". The company logo, a stylized sailboat, is on the left, followed by the text "LANAI WATER COMPANY, INC". The main content area features a background image of a person's hands typing on a laptop keyboard with a glass of water in the foreground. The text "Pay your bill, see usage history and more in your online account." is overlaid on the image. At the bottom left, a blue button with the text "Log In or Register" is highlighted with a red rectangular border. The number "10" is visible at the bottom center of the page.

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Save time each month by using our safe, secure and simple online portal to pay your water bill!

Pay Bill About Us Meters & Rates Water Reports Water Resources

 LANAI WATER COMPANY, INC

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[Log In or Register](#)

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Questions?

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