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NEWS RELEASE

For Immediate Release: June 17, 2008

PUBLIC UTILITIES COMMISSION FORCED TO PROPOSE TEMPORARY RATE INCREASES FOR MOLOKA'I UTILITIES TO ENABLE TEMPORARY CONTINUATION OF SERVICES

HONOLULU – Today, the Hawai'i Public Utilities Commission (PUC) announced that it was forced to open a proceeding on Monday to consider giving temporary rate increases to two regulated water utilities and one regulated sewer utility on Moloka'i, because the utilities stated that they are unable to adequately fund their operations and plan to cease operations in August 2008. The temporary increases proposed by the PUC are intended to enable the utility companies to continue to provide uninterrupted water and sewer services to their customers, at least temporarily.

The two regulated water utilities are Moloka'i Public Utilities, Inc. (MPU) and Wai'ola o Moloka'i (Wai'ola). The regulated sewer company is Mosco, Inc. (Mosco). Moloka'i Properties Limited, better known as Moloka'i Ranch, is affiliated with these public utilities providing water and sewer services on West Moloka'i. Moloka'i Ranch had informed the PUC that it could no longer afford to continue operations of these utilities due to substantial losses experienced by MPU and Wai'ola in 2007, and that services would be discontinued if a public or private entity is not found to take over the operations by the end of August.

In an attempt to enable MPU, Wai'ola and Mosco to remain in operation until their water and sewer systems can be operated by another entity, the PUC proposes that the revenues of MPU be temporarily increased by \$297,965 or 40.95 percent more than its 2007 reported revenues of \$727,458, and that the revenues of Wai'ola be raised by \$163,839 or 121.50 percent more than its revenues of \$134,813 in 2007. For Mosco, the PUC proposes a 0 percent increase at this time, since it appears that Mosco is currently still profitable. These proposals are based on financial information previously provided by the utilities to the PUC. Once approved, these rate increases would be in effect for a period of six months, unless otherwise ordered by the PUC.

“Unfortunately, the commission had no choice but to propose a temporary rate increase to enable the utilities to remain in operation in an effort to avoid even a temporary shutdown of utility services to West Moloka'i customers, while the longer-term problem of who can take over these utility operations is being worked out,” said Carlito Caliboso, Chairman of the PUC.

The PUC will be accepting comments on its proposed temporary rate increases from the parties named to the proceeding, which are the three public utilities; the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs; MPL; and the County of Maui. These parties have until June 25, 2008, to submit their comments to the PUC.

In addition, the PUC will be holding a public hearing on this matter on the island of Moloka'i on Tuesday, July 15, 2008, at 10:00 a.m. at Maunaloa Elementary School.

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