

**Wai'ola O Molokai  
Molokai Public Utilities Inc  
Mosco Inc  
745 Fort St #600  
Honolulu, HI 96813**

August 27, 2008

Chairman Carlito P. Caliboso  
Public Utilities Commission  
Department of Budget and Finance  
465 S. King St #103  
Honolulu, HI, 96813

Dear Chair Caliboso,

Re: PUC letter of August 25

I am in receipt of your letter which seeks clarification in relation to Docket No 2008-0115-Temporary Rate Increase.

All correspondence to the Commission from the utilities has been very clear that the utilities lacked the financial resources to carry on past August 31 without tariff increases to cover operational losses.

Now this issue appears to have been temporarily resolved, I confirm the utilities will continue to operate and provide services to their customers past August 31.

How long the temporary rate increases will be sufficient for the utilities to be able to continue to operate depends on future fuel, power and labor cost increases. Should there be any shortfalls in operational funds, I commit to inform you of potential problems.

However, we have also been clear that we will not continue to operate these utilities indefinitely and that the temporary rate increases is a stop-gap measure.

We do not believe that it is appropriate a private company should undertake what is essentially now a civic responsibility following the shutdown of operations on Molokai by Molokai Properties Limited. We therefore continue to hope that some public or private entity can be found to take over these operations as a more permanent solution.

We also attach our tariff schedules for MPU and Wai'ola.

Very Truly Yours;

A handwritten signature in black ink, appearing to read "Peter A. Nicholas". The signature is fluid and cursive, with a large initial "P" and "N".

Peter A. Nicholas  
Director