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June 9, 2010

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Re: Docket No. 2009-0048, Molokai Public Utilities, Inc. ("MPU") – General Rate Case,
July 1, 2009 to June 30, 2010 Test Year

Dear Counsel:

On May 28, 2010, the Commission issued its Interim Decision and Order approving interim rate relief for MPU in the amount of \$542,724 in revenues, or approximately 125% in revenues over present rates, based on the July 1, 2009 to June 30, 2010 test year, and a total revenue requirement of \$976,375.

With respect to MPU's interim rate design, the Commission then stated:

For purposes of interim rate relief, the commission adopts in principle the across-the-board approach proposed by MPU and the Consumer Advocate, as generally reflected in Attachment 1 of their updated joint statement of probable entitlement. Concomitantly, MPU agrees to phase-in the interim rates, thereby voluntarily foregoing the assessment and collection of additional revenues to which it is entitled, in order to minimize the potential for rate shock amongst its ratepayers. Accordingly, the Phase 1 rates shall take effect following the commission's review and affirmative approval of the revised tariff sheets to be filed by MPU and shall remain in effect for a maximum period of six months, with Phase 2 rates to follow thereafter. MPU shall allocate the Interim Adjustment amount set forth in the attached results of operation schedule to the proper rate categories for the commission's approval.

.....

2. By June 4, 2010, MPU shall file its revised tariff sheets which implement the decisions made by the commission in this Interim Decision and Order, including the phase-in of its authorized rates and charges. MPU shall allocate the Interim Adjustment amount set forth in the attached results of operation schedule to the proper rate categories for the commission's approval. The revised tariff sheets shall not take effect without the commission's affirmative approval.

Interim Decision and Order, at 16 and 19.

On June 4, 2010, MPU filed its revised tariff sheets for the Commission's review and approval. Upon review, it appears that MPU did not allocate the Interim Adjustment as the Commission instructed in its Interim Decision and Order. In addition, it appears that the proposed water consumption charge of \$6.705 per thousand gallons ("TG") and the proposed bulk water sales charge of \$2.3775 per TG are more than the corresponding Phase 1 charges set forth in Attachment 1 of the Joint Updated Statement of Probable Entitlement, filed on May 18, 2010.

By **June 16, 2010**, please provide the Commission with: (1) a detailed explanation of MPU's June 4, 2010 filing; or (2) an updated filing of the revised tariff sheets for the Commission's review and approval, in compliance with the Commission's Interim Decision and Order, and with a detailed explanation of the how MPU allocated the amount of the Interim Adjustment. Thank you for your attention to this matter.

Sincerely,



Michael Azama
Commission Counsel

MA:laa

c: James J. Bickerton, Esq., Molokai Properties Limited
Dean K. Nishina, Division of Consumer Advocacy
Margery S. Bronster, Esq./Jeannette H. Castagnetti, Esq., County of Maui
William W. Milks, Esq., West Molokai Association