

NOTICE OF PUBLIC HEARING

APPLICATION OF AQUA PUHI, LLC, dba PUHI SEWER & WATER COMPANY
FOR REVIEW AND APPROVAL OF RATE INCREASES,
REVISED RATE SCHEDULES, AND CHANGES TO ITS TARIFF

Docket No. 2025-0213

The STATE OF HAWAII PUBLIC UTILITIES COMMISSION ("Commission"), pursuant to Hawaii Revised Statutes §§ 269-12 and 269-16, HEREBY GIVES NOTICE that it will hold a public hearing relating to the Application of AQUA PUHI, LLC, dba PUHI SEWER & WATER COMPANY ("Puhi S&W"), filed on June 6, 2025, for Commission approval of rate changes and increases, revised rate schedules, and changes to its tariff. The public hearing will be held as follows:

Tuesday, August 19, 2025, at 5:30 p.m.

Lihue State Office Building
3060 Eiwa Street, Rooms 209 A, B, & C
Lihue, Hawaii 96766

Brief Summary of the Application

Puhi S&W is a public utility that provides wastewater collection and treatment services to the residential, commercial, and industrial customers in the Lihue/Puhi areas on the island of Kauai. In addition, Puhi S&W provides non-potable water services to certain commercial customers in its authorized service territory. Puhi S&W also provides R-1 quality effluent to the Puakea Golf Course, and non-regulated septage dumping service to local septage haulers.

Puhi S&W seeks the Commission's approval of a net revenue increase of \$1,183,858, which represents an increase of approximately 54% over the pro forma revenue amount of \$2,197,295 at present rates for a July 1, 2025, through June 30, 2026 test year. Puhi S&W asserts that the proposed revenue increase will provide Puhi S&W

with the opportunity to earn a 7.82% rate of return on its prudently incurred costs for utility assets and recovery of its prudently incurred expenses.

Puhi S&W also clarifies that is not seeking to change its existing non-potable and effluent rates. If approved, Puhi S&W proposes to phase in its recommended rates/charges in a two-step increase. Puhi S&W's present and proposed rates, including the proposed two-step implementation schedule, are summarized as follows:

MONTHLY FLAT RATE SERVICE CHARGE PER METER SIZE

<u>Customer Classification</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	
		Step 1: Effective Upon Approval	Step 2: Effective 6 Months After the Effective Date of Step 1
Commercial/Industrial – 5/8" Meter	\$248.00	\$324.00	\$388.91
Commercial/Industrial – 3/4" Meter	\$328.00	\$428.00	\$512.85
Commercial/Industrial – 1" Meter	\$450.00	\$587.00	\$701.86
Commercial/Industrial – 1-1/2" Meter	\$540.00	\$705.00	\$841.29
Commercial - 2" Meter	\$652.00	\$851.00	\$1,014.80
Commercial - 3" Meter	\$988.00	\$1,289.00	\$1,535.41

TREATMENT CHARGE PER THOUSAND GALLONS OF WATER USE

<u>Customer Classification</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	
		Step 1: Effective Upon Approval	Step 2: Effective 6 Months After the Effective Date of Step 1
Commercial/Industrial (all meter sizes)	\$6.00	\$7.830	\$9.3740

UNIT MONTHLY CHARGE

<u>Customer Classification</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	
		Step 1: Effective Upon Approval	Step 2: Effective 6 Months After the Effective Date of Step 1
Single Family Unit, Condominium/Multi-Family Unit	\$57.00	\$74.39	\$96.75

EFFLUENT CHARGE

	<u>Present Rates</u>	<u>Proposed Rates</u>	
		Step 1: Effective Upon Approval	Step 2: Effective 6 Months After the Effective Date of Step 1
Per thousand gallons	\$0.50	\$0.50	\$0.50

NON-POTABLE WATER SERVICE

	<u>Present Rates</u>	<u>Proposed Rates</u>	
		Step 1: Effective Upon Approval	Step 2: Effective 6 Months After the Effective Date of Step 1
Per thousand gallons	\$1.55	\$1.55	\$1.55

Additionally, Puhi S&W requests, among other things, that the Commission approve changes to its existing wastewater tariff (PSWC Tariff No. 1), including, without limitation: (1) changes to the sewer rate schedules, as described above, (2) updates to the Automatic Power Cost Adjustment Clause for wastewater services, (3) an increase of the connection fee from \$125 to \$275 (Rule 6.5), (4) clarification of the terms of the arrangement under Rule 13.6.5 in which under certain circumstances a customer may construct and install facilities, or arrange for their installation before dedicating the

facilities to Puhi S&W, (5) replacing the existing service area map with a map with improved image quality, and (6) updating the Service Application and Connection Agreement form.

Puhi S&W asserts that current rates do not now and will not in the foreseeable future produce sufficient revenues to allow it to recover its prudently incurred expenses and earn a fair return on its prudently incurred investments.

The Commission will investigate whether the proposals in the Application, including revisions to Puhi S&W's rate schedule, are just and reasonable.

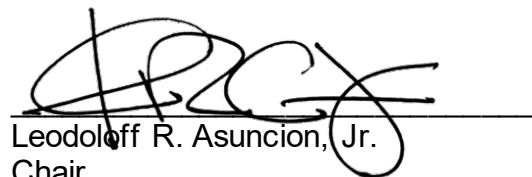
The foregoing is a brief summary of the requests included in Puhi S&W's Application. Copies of Puhi S&W's Application are available for public review through the Commission's electronic Case and Document Management System, accessible at <https://hpuc.my.site.com/cdms/s/search>, Docket Number 2025-0213. In addition, copies of Puhi S&W's Application are also available for review by contacting the Commission's Kauai District Office [(808) 274-3232] or Honolulu Office [(808) 586-2020], or the Division of Consumer Advocacy [(808) 586-2800]. If you need an auxiliary aid/service or other accommodation due to a disability, please contact the Commission's Honolulu office at (808) 586-2020 as soon as possible. Requests made as early as possible have a greater likelihood of being fulfilled. Upon request, this notice is available in alternate/accessible formats.

All interested persons are invited to attend the public hearing to state their views on Puhi S&W's Application. Statements may also be submitted online on the Commission's public comments portal at <https://hpuc.my.site.com/cdms/s/consumers/public-comments>, e-mailed to the Public Utilities Commission at puc@hawaii.gov, or mailed to the

Public Utilities Commission, 465 South King Street, Room 103, Honolulu, Hawaii 96813.

All written statements should reference Docket No. 2025-0213.

Motions to Intervene or Participate in this proceeding shall comply with subchapter 4, Rules of Practice and Procedure Before the Public Utilities Commission, Hawaii Administrative Rules, Title 16, Chapter 601. A motion to intervene or participate in this proceeding shall be filed with the Commission's Honolulu Office by August 29, 2025.



Leodoloff R. Asuncion, Jr.
Chair

The Garden Island: July 29, 2025; August 5, 12, and 18, 2025

FILED

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PUBLIC UTILITIES

COMMISSION

F-329544

2025-0213

The foregoing document was electronically filed with the State of Hawaii Public Utilities Commission's Case and Document Management System (CDMS).

Puhi Sewer and Water Company

3560 Koloa Road
Kalaheo, HI 96741
pswmail@aquaengineers.com

Date: August 5, 2025

To: PSW Customers

From: Ann Sokei, General Manager
Aqua Puhi, LLC, dba Puhi Sewer & Water Company

Subject: **Public Hearing on Proposed Rate Increase
Tuesday, August 19, 2025, 5:30 p.m.
Lihue State Office Building
3060 Eiwa Street, Rooms 209 A, B, & C
Lihue, HI 96766**

Aqua Puhi, LLC, dba Puhi Sewer & Water Company, a Hawaii limited liability company ("PSW"), filed a rate case application with the Hawaii Public Utilities Commission ("PUC" or "Commission") on June 6, 2025, seeking approval of an overall revenue increase for its operations ("proposed rate increase").

The proposed rate increase is needed to help PSW keep pace with rising operating costs and to recover expenses incurred for necessary infrastructure and operational improvements.

PSW's current rates do not now and will not in the foreseeable future produce sufficient revenues to allow PSW to recover its prudently incurred expenses and earn a fair return on PSW's prudently incurred investments. At present rates, PSW projects a July 1, 2025 through June 30, 2026 test year ("split 2025-2026 test year") operating loss of -\$257,146 and a rate of return of -2.39% on an average rate base of \$10,769,795. The proposed rate increase is designed to increase overall operating revenues to allow PSW to recover its prudently incurred expenses and to allow PSW to earn a fair return on its prudently incurred costs for utility assets providing wastewater and non-potable water service. Pursuant to the application, PSW is seeking PUC approval for an overall net revenue increase of \$1,183,858, or an approximate 53.9% increase over present revenue rates.

To ease the financial impact on customers of the increase in rates proposed in the rate case filing, PSW proposes a two-step phasing in the process where (1) the first phase of the increase will be limited to 25 percent over the present rates, and (2) the second and final phase would become effective six months after the effective date of the first phase.

The PUC will review all of PSW's requests described above and in PSW's application

and other supporting materials submitted as part of the record. The PUC will render a decision after receiving input from the Division of Consumer Advocacy's office, which is statutorily responsible to represent, protect and advance the interests of all customers. Please note, however, the actual changes to the present rates/charges (i.e., rate design) finally approved by the PUC may be higher or lower than the rates/charges proposed in PSW's rate case application.

The PUC has scheduled a public hearing on this proposed rate increase. PSW's customers are invited to attend this public hearing to find out more about the proposed rate increase and voice their views.

The PUC's public hearing on the proposed rate increase will be held as follows:

DATE: Tuesday, August 19, 2025
LOCATION: Lihue State Office Building
3060 Eiwa Street, Rooms 209 A, B, & C
Lihue, HI 96766
TIME: 5:30 p.m.

We encourage you to attend. Copies of the rate case application are available for review through the Commission's electronic Case and Document Management System, accessible at <https://hpuc.my.site.com/cdms/s/search>, Docket Number 2025-0213. In addition, a paper copy of the rate case application is also available for viewing at PSW's office c/o Aqua Engineers, Inc. at 3560 Koloa Road, Kalaheo, HI 96741 between the hours of 8:00 a.m. and 3:00 p.m., Monday through Friday, excluding holidays. For those who have internet access, PSW has created a Frequently Asked Questions ("FAQ") document that can be directly accessed at PSW's website at: www.aquaengineers.com/ratecasefaqs

We have attached the PUC's official Notice of Public Hearing, which describes in further detail the proposed changes in rates, revenue increase and other requests set forth in the PSW rate case application and provides instructions on how to access and review PSW's application and related information on the PUC's website. The PUC's official Notice of Public Hearing can also be found on the PSW website at: www.aquaengineers.com/puc

PSW desires to provide the best available service to our customers, and we believe this proposed rate increase will allow us to continue our safe and reliable service to you and the surrounding community.

For questions, please email pswmail@aquaengineers.com, and a PSW representative will reply.

Thank you very much.