



# Mānele Water Resources, LLC Sewer Rate Case Application FAQs

**Q. Why is Mānele Water Resources filing a rate case with the PUC to raise its sewer rates?**

A. As part of the conditions related to the transfer of Mānele Water Resources' wastewater treatment facilities from Castle & Cooke to Pūlama Lāna'i, Mānele Water Resources was required to complete a \$10 million investment and file a rate case with the Public Utilities Commission (PUC) by the end of 2019. One of the purposes was to allow the PUC and the Consumer Advocate the opportunity to review the operations of the utility under the new ownership. Mānele Water Resources seeks to raise its wastewater rates to keep pace with rising operating costs and to cover expenses for infrastructure and operational improvements to ensure it can continue to provide safe and dependable wastewater service.

**Q. When was the last time Mānele Water Resources sewer rates were raised?**

A. Mānele Water Resources has not raised its sewer rates in over a decade. The current rates were set in 2007.

**Q. How much will the sewer rate increase proposed by Mānele Water Resources be?**

A. Currently, a single-family household in the Mānele area pays about \$57 per month for sewer service. If approved by the PUC, a single-family household will pay about \$190 per month after the approved rates are phased in over a two-year period. A multi-family household currently pays \$42 per month per dwelling unit. After phase-in, a multi-family household will pay \$135 or \$171 for a one dwelling unit, depending on meter size.

The rate increases for commercial and recreational users will depend on the meter size and the amount of metered domestic water used.

Due to the amount of the increase, Mānele Water Resources proposes a 4-step phase-in with each step being implemented in successive six-month periods. If approved by the PUC, the first step will be implemented in April 2020, and the last phase will be implemented in October 2021.

**Q. How did Mānele Water Resources determine the proposed sewer rates?**

A. Mānele Water Resources retained experienced rate case consultants who have worked on rate cases for other small wastewater utilities in the State. These experts determined the increase necessary to recover Mānele Water Resources' operating costs and the rates that would be needed to cover the costs of providing service to its customers.

**Q. Can the rates charged by Mānele Water Resources be compared to the rates charged by other privately owned wastewater utilities regulated in the State of Hawaii?**

A. Other small wastewater utilities have undergone similar rate increases as a way to ensure the utilities' long term sustainability. However, the rates charged by privately owned wastewater utilities regulated in the State of Hawaii cannot be compared since the operating costs of the utilities differ and the customer base over which the utility's operating costs are recovered differ.

**Q. Can Mānele Water Resources' wastewater rates be compared to the County of Maui's wastewater rates?**

A. No, Mānele Water Resources' rates cannot be compared to the County of Maui's wastewater rates primarily because the County of Maui is a municipality with a significantly larger customer base and possible subsidies that may be inherent within municipalities' rates.

**Q. Why didn't Mānele Water Resources seek smaller rate increases more frequently?**

A. The PUC required Pūlama Lāna'i to meet certain conditions before filing a rate case. These conditions, some of which included the \$10 million infrastructure investments, were completed in April 2019. Mānele Water Resources is not able to provide an explanation as to why the previous owner did not file any rate cases since 2007.

**Q. Who ultimately decides whether the proposed rate increase is approved?**

A. Since Mānele Water Resources is a public utility regulated by the PUC, the PUC will decide on the increase request. In addition, the Consumer Advocate will participate in the rate case proceeding. This dual review process ensures that any request before the PUC is thoroughly and carefully reviewed to make sure it is reasonable and in the best interests of consumers.

**Q. Are rate increases planned for other parts of Lāna'i?**

A. Lāna'i Water Company, which provides potable water to all residents and businesses on Lāna'i and brackish water to residents in Mānele, is planning to also file a rate case in December of this year for the same reasons Mānele Water Resources is filing this rate case (as part of PUC regulatory requirements and to ensure LWC is a sustainable water utility). We are starting the analysis to determine what the rates will be and will keep the community updated as information becomes available.

**Q. Where can I view the Mānele Water Resources rate case application?**

A. Once filed, the application and subsequent filings in the PUC proceeding can be viewed on the PUC's website at: <https://dms.puc.hawaii.gov/dms/>.

Copies of the application are also available for review by contacting:

State of Hawaii Public Utilities Commission  
465 South King Street, #103  
Honolulu, Hawaii 96813

Division of Consumer Advocacy  
King Kalakaua Building  
335 Merchant Street, Rm. 326  
Honolulu, Hawaii 96813

Copies of the application will be available shortly at the company's website at: <https://www.lanaiwatercompany.com/>. The application will also be available for review during business hours at Lanai Water Company at 949 Lanai Avenue, Lanai City, HI 96763.

**Q. Will there be a public hearing on this proposed rate increase?**

A. Yes, the PUC will schedule a public hearing on the application sometime this year. The date, time, and location have not been determined yet, but both the PUC and Mānele Water Resources will notify customers of this information via publication in the newspaper and customer notices.