

April 7, 2022

VIA E-FILING

The Honorable Chair and Members of the Hawaii Public Utilities Commission Kekaunaoa Building 465 South King Street, 1st Floor Honolulu, Hawaii 96813

Re: Docket No. 2020-0086 - Hawaii Water Service Company, Inc. - Kapalua District - Annual Report on Operation and Maintenance Agreements

Dear Commissioners:

Pursuant to Condition of Approval No. 2 of Decision and Order No. 37665, filed on March 8, 2021, enclosed is Hawaii Water Service Company, Inc.'s ("HWSC") 2021 annual report accounting for (1) each expense it incurred under the subject operation and maintenance agreements ("OMAs"), (2) a justification of the system need and cost reasonableness, and (3) any revenues received by the OMAs.¹

If you have any questions or require any additional information, please feel free to contact us.

Very truly yours,

WATANABE ING LLP

By: /s/ David Y. Nakashima DAVID Y. NAKASHIMA

1052567.1 Enclosure

cc: Division of Consumer Advocacy (via email)

¹ Due to an oversight, HWSC did not file this annual report by the deadline of March 31, 2022. HWSC apologizes for the delay.



HAWAII WATER SERVICE

P.O. Box 384809 Waikoloa, HI 96738 *Tel*: (877) 886-7784 toll-free

April 7, 2022

RE: Decision and Order No. 37665, Condition of Approval No. 2, Annual Report on OMAs

Pursuant to Decision and Order No. 37665, Hawaii Water Service Company (Hawaii Water) submits the following annual report required by condition of approval (COA) No. 2. Specifically, COA No. 2 requires Hawaii Water to submit an annual report on March 31 for each preceding year, accounting for each expense it incurred under the operations and maintenance agreements (OMAs) for Kapalua wells and ditch and a justification of the system need and cost reasonableness, and any revenues received by the OMAs. Table 1 summarizes the revenues and expenses collected and incurred in 2021 under the OMAs and Table 2 summarizes the expenses incurred and explains the need for each expense.

Table 1. Summary of OMA Revenues and Expenses.

| | We | lls OMA | Ditch OMA | |
|------------|----|---------|-----------|---------|
| Revenues | \$ | 42,625 | \$ | 125,186 |
| Expenses | \$ | 15,517 | \$ | 52,520 |
| Net Income | \$ | 27,108 | \$ | 72,666 |

Table 2. OMA Expense Detail and Justification.

| Expenses Incurred | Wells OMA | | Ditc | h OMA | Justification | |
|--------------------------|-----------|--------|------|--------|---|--|
| Labor Production and | \$ | 12,700 | \$ | 20,222 | labor and benefits required to execute work described in contract | |
| Distribution Customer | \$ | - | \$ | - | | |
| Accounts | \$ | - | \$ | - | | |
| | | | | | Well: engineer travel for site assessment | |
| A&G | \$ | 98 | \$ | 315 | Ditch: engineer travel for site assessment | |
| Maintenance | \$ | - | \$ | 24,896 | contracted maintenance for ditch | |
| TOTIT | \$ | 2,719 | \$ | 7,088 | taxes other than income taxes | |
| Total | \$ | 15,517 | \$ | 52,521 | | |



FILED

2022 Apr 07 PM 15:24

PUBLIC UTILITIES COMMISSION

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