



DEPARTMENT OF WATER SUPPLY • COUNTY OF HAWAII

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Press Release

Starting July 1, 2009, Water Supply Bills Reflect Lower Power Cost Charges
July 2, 2009

FOR IMMEDIATE RELEASE:

Hawaii Island, Hawaii—The Department of Water Supply (DWS) announces it is reducing its Power Cost Charge (PCC) on customer bills from \$2.38 to \$1.83 per 1,000 gallons of water used. The change marks the first time the surcharge has been reduced since at least 2006.

The PCC is applied to each 1,000 gallons of water used by the customer to account for fluctuations in the cost of energy needed to operate the water system. For an average residential customer using 20,000 gallons of water in a two-month period, the change will save \$11.00 over the two-month billing cycle, or \$5.50 per month.

The Water Board cautioned consumers that the PCC lags behind the market price of oil by four months, and may need to be adjusted upward again soon because of recent increases in the cost of oil.

Under rules adopted by the Board of Water Supply last year, the PCC can be adjusted every two months.

The PCC is one part of the total water bill. A brief public hearing on proposed changes to the PCC on DWS billings was held in Waimea Tuesday before the Water Board of the County of Hawaii monthly meeting.

During the discussion, Chairman Riley Smith said, "In the past years on the Water Board, we never had the ability to adjust the PCC except annually. We worked with the Department to agree on a process that can react quicker to fuel market fluctuations. We now have a formula that can lag by two months rather than 12 months. In a rising fuel market with rising fuel charges we are always lagging and not charging the current rate because we are relying on past data. To the contrary, in a decreasing fuel market, we're going to be charging more because we can't react soon enough."

In agreement, Manager Milton Pavao urged Board members to consider \$1.83 as the correct rate all customers should pay per 1,000 gallons consumed. Based on the most current data available, as well as the approved methodology to calculate the PCC, the Board unanimously moved to lower the PCC to \$1.83 per 1,000 gallons—the current cost now being paid to HELCO.

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In conclusion, Chairman Smith stated, "Our goal is to have a transparent system so the public knows what we are doing to provide water services to them." Vice-Chairman Dwayne Mukai finished the discussion with saying, "We represent the public, and need to rely on the approved methodology to serve the best interest of the public."

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