

06
Scan

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
HAWAII ELECTRIC LIGHT COMPANY, INC.)
For Approval to Commit Funds in)
Excess of \$500,000 for)
Item H0000633, SSPP Unit 639 -)
Olivera, Installation of an)
Overhead Distribution System.)
_____)

DOCKET NO. 02-0089

RECEIVED

2002 SEP 11 P 4:13

DEPT. OF CONSUMER AFFAIRS
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
STATE OF HAWAII

DECISION AND ORDER NO. 19652

Filed Sept. 11, 2002
At 9:00 o'clock A.M.

Karen Higashi
Chief Clerk of the Commission

ATTEST: A True Copy
KAREN HIGASHI
Chief Clerk, Public Utilities
Commission, State of Hawaii.

K. Higashi

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
HAWAII ELECTRIC LIGHT COMPANY, INC.)
For Approval to Commit Funds in Excess of \$500,000 for Item H0000633, SSPP Unit 639 - Olivera, Installation of an Overhead Distribution System.)

Docket No. 02-0089
Decision and Order No.19652

DECISION AND ORDER

I.

By application filed on April 18, 2002, HAWAII ELECTRIC LIGHT COMPANY, INC. (HELCO) requests commission approval to commit an estimated \$941,073 relating to the installation of an overhead distribution system at Milolii, South Kona, island of Hawaii (project), aka Item H0000633, SSPP Unit 639 - Olivera. HELCO makes its request in accordance with Section 2.3.g.2 of General Order No. 7, *Standards for Electric Utility Service in the State of Hawaii*.

Copies of the application were served on the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy (Consumer Advocate). Thereafter, HELCO submitted its responses to the commission's and Consumer Advocate's information requests, on May 14 and July 11, 2002, respectively. By position statement filed on September 3, 2002, the Consumer Advocate does not object to the approval of HELCO's application, subject to certain reporting requirements.

II.

A.

The project will involve the installation of an overhead distribution system to serve the Milolii Beach lot subdivision, located at South Kona, island of Hawaii. Presently, the subdivision consists of 372 lots.

In particular, the overhead distribution system will include the installation of the following:

1. 2 55-foot poles;
2. 5 50-foot poles;
3. 89 45-foot poles;
4. 31 40-foot poles;
5. 58 1-1/4" anchors;
6. 73 1" anchors;
7. 19,438 circuit feet of 3W #3/0 AAAC 3-phase 12.47 kV primary;
8. 3,865 circuit feet of 3W #1/0 AAC 3-phase 12.47 kV primary;
9. 4,075 feet of 1W #1/0 AAC 1-phase 7.2 kV primary;
10. 8,765 feet of #3/0 AAC neutral;
11. 330 feet of #1/0 AAC neutral;
12. 10,404 feet of #1/0 aerial cable; and
13. 180 feet of #1/0 AC triplex secondary.

B.

HELCO's Rule 13-S governs the installation of overhead distribution lines to serve specified subdivision lots within qualifying units, pursuant to HELCO's Special Subdivision Project Provisions (SSPP) program. These subdivision lots "shall include subdivisions recognized and approved by the County of Hawaii and developed prior to the enactment of the Hawaii County Ordinance No. 62 in 1967, or lots within such subdivisions which are without electric service." HELCO Rule 13-S(A)(1). The total unserved lots within a pre-1967 subdivision or qualifying unit

"shall be treated and referred to as an SSPP unit."
HELCO Rule 13-S(C)(1).

HELCO explains that, in many cases, the cost of extending electric utility service to these SSPP lots under its standard line extension rule, i.e., Rule 13, exceeds the owner's ability to pay. As an alternative, therefore, Rule 13-S generally apportions the costs of an SSPP program, as follows:

1. 2/3s of the total cost of the project is covered by the lot owners of a particular SSPP unit, "divided by the total number of prospective subscribers who indicate an interest in participating in a proposed SSPP Unit[.]"
2. The remaining 1/3 cost is subsidized by HELCO's general ratepayers.

HELCO Rule 13-S(D).

C.

The apportionment of the project's costs, HELCO states, is as follows:

The total amount to be collected as a customer advance:	\$627,413
HELCO's contribution	<u>\$313,660</u>
Total estimated project cost	\$941,073

HELCO explains that the customer advance amount of \$627,413 is based on the 135 lot owners who have expressed an interest in participating in this SSPP program, and represents a

contribution of approximately \$4,648 per lot owner.¹ Thus far, 81 of these lot owners have executed contracts with HELCO, which represents a current customer advance of \$376,488.

HELCO states that: (1) it generally requires a written commitment from at least 50 per cent of the affected lot owners before it proceeds with the construction of an SSPP program; (2) the 81 contracts represent 60 per cent of the 135 prospective lot owners, more than the 50 per cent minimum generally required; thus (3) it intends to proceed with the construction of this project.

In addition, HELCO explains that: (1) it expects additional customers will subscribe to the SSPP program after construction is started or after electrical service is available in the subdivision; (2) payments from these additional customers will increase the lot owners' share of the project and reduce HELCO's subsidized amount; and (3) such payments will be collected up to the total estimated cost of the project, and any excess amounts collected will be refunded to the affected lot owners.²

The project's estimated total cost is exclusive of any line transformers, service drops, and meters, which will not be charged to the instant project. HELCO Rule 13-S(D)(2).

¹\$627,413 divided by 135 = \$4,648.

²As previously stated, Milolii Beach subdivision currently consists of 372 lots.

D.

The Consumer Advocate states that: (1) the overhead distribution system appears necessary to provide electric service to the residents of the Milolii Beach lot subdivision; (2) the overhead construction of such facilities appears reasonable; and (3) the project will advance the overall objectives of the SSPP program.

At the same time, the Consumer Advocate notes that presently, HELCO "has a commitment for only \$376,488 (\$4,648 x 81) of the required \$627,413 customer advance." Accordingly, "[t]o determine whether additional customers enter into contracts and remit customer advances to share in the costs of the instant project," the Consumer Advocate requests that, upon HELCO's completion of the project, HELCO submit a cost report to the commission and Consumer Advocate. This report, the Consumer Advocate suggests, should set forth the: (1) total number of subscribers with signed contracts; (2) total amount of customer advances HELCO receives; and (3) project costs not covered by the customer advances.

The Consumer Advocate states the requested information is necessary to ascertain the impact of the project's costs on the general ratepayers in a future rate proceeding, and will assist in "assessing whether the existing Rule 13-S requirements continue to be reasonable for future SSPP Line Extension projects." Based on the information contained in the cost report, the Consumer Advocate "can assess the reasonableness of the actual costs incurred to complete the project and pursue

issues, if any, regarding the reasonableness of such costs in HELCO's next rate proceeding."

III.

Upon careful review, the commission finds that the project is reasonable and consistent with the public interest. The project will result in the provision of electric service to affected lot owners residing in the Milolii Beach lot subdivision. In addition, the affected lot owners will pay for a considerable portion of the project's costs. Accordingly, the commission will approve HELCO's application.

IV.

THE COMMISSION ORDERS:

1. HELCO's application, filed on April 18, 2002, to expend an estimated \$941,073 for Item H0000663, SSPP Unit 639 - Olivera, is approved; provided that no part of the project may be included in HELCO's rate base unless and until the project is in fact installed, and is used and useful for utility purposes.

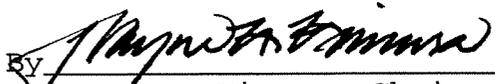
2. HELCO shall submit a report within 60 days of the project's commercial operation, with an explanation of any deviation of 10 per cent or more in the project's cost from that estimated in the application. Failure to submit the report, as required by this decision and order, will constitute cause to limit the cost of the project, for ratemaking purposes, to that estimated in the application.

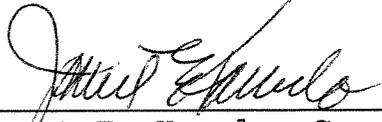
3. Within 60 days of the project's commercial operation, HELCO shall also submit a cost report, setting forth the: (A) total number of subscribers with signed contracts; (B) total amount of customer advances HELCO receives; and (C) project costs not covered by the customer advances.

4. HELCO shall serve two copies of the reports and information described in paragraphs 2 and 3, above, upon the Division of Consumer Advocacy.

DONE at Honolulu, Hawaii this 11th day of September, 2002.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

BY 
Wayne H. Kimura, Chairman

By 
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:


Michael Azama
Commission Counsel

By (Recused)
Gregg J. Kinkley, Commissioner

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 19652 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
P. O. Box 541
Honolulu, HI 96809

WARREN H.W. LEE
PRESIDENT
HAWAII ELECTRIC LIGHT COMPANY, INC.
P. O. Box 1027
Hilo, HI 96721-1027

WILLIAM A. BONNET
VICE PRESIDENT, GOVERNMENT AND COMMUNITY AFFAIRS
HAWAIIAN ELECTRIC COMPANY, INC.
P. O. Box 2750
Honolulu, HI 96840-0001



Catherine Sakato

DATED: September 11, 2002