BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAII

In the Matter of the Application of)
)
CITIZENS COMMUNICATIONS COMPANY,)
KAUAI ELECTRIC DIVISION)
)
For Permission to Make Permanent)
Certain Interim Changes to Its)
Rules Nos. 1 and 7 Regarding)
Service Limiters, in Accordance)
with Decision and Order No. 17285.)
)

DOCKET NO. 02-0091

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DECISION AND ORDER NO. 19699

Filed Oct. 10, 2002

At 8:00 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 CITIZENS COMMUNICATIONS COMPANY, KAUAI ELECTRIC DIVISION For Permission to Make Permanent Certain Interim Changes to Its Rules Nos. 1 and 7 Regarding Service Limiters, in Accordance with Decision and Order No. 17285.	Docket No. 02-0091 Decision and Order No. 19699

DECISION AND ORDER

I.

By an application filed on April 19, 2002, CITIZENS COMMUNICATIONS COMPANY, KAUAI ELECTRIC DIVISION ("Applicant" or "KE") requests commission approval to make permanent changes to Rule Nos. 1 and 7 of its tariff. These changes seek to make permanent KE's current interim service limiter program. In addition, KE seeks commission guidance on the proper accounting treatment of the cost of the service limiters.

Copies of the application were served on the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs (Consumer Advocate). On May 13, 2002, the Consumer Advocate served information requests (IRs) on Applicant. Applicant filed its responses to the IRs on May 28, 2002. On May 30, 2002, the Consumer Advocate filed its statement of position indicating that it does not object to the approval of KE's application for the following reasons: (1) the service limiter program appears to be reasonable and cost-effective; and

(2) KE's customers appear to receive adequate information to make the necessary decisions related to the service limiter program. In addition, the Consumer Advocate recommends that the commission allow the company to continue treating the acquisition costs of the service limiters as items to be expensed.

II.

BACKGROUND

In June 1996, on an experimental basis, Applicant initiated the deployment and evaluation of the use of the service limiting devices (service limiter(s)). Applicant installs a service limiter, between its meter and a customer's meter socket, in cases where a residential customer is delinquent in the payment of his electricity bill. The service limiter is a single-phase device designed to limit the amount of current a customer may use without entirely interrupting electric service. When in place, a service limiter allows only 120-volt appliances or fixtures to be operable and allows loads of up to five amps. This amount of power permits a customer to operate a refrigerator and some lights. Appliances such as electric ranges, clothes dryers, and water heaters, which normally require 240 volts, cannot be operated.

On April 7, 1999, Applicant sought commission approval to make certain changes to its tariffs to formalize the service limiter program it had implemented. By Decision and Order No. 17285, filed on October 25, 1999, in Docket No. 98-0150, the commission approved the requested changes in Applicant's tariff related to the service limiters, but limited the effectiveness of the amendments to three years from the date of the Decision and Order. The commission further ordered Applicant to keep certain records and to file an application to make permanent the tariff sections related to the service limiters at least six months prior to the expiration of the prescribed three-year period.

III.

INSTANT APPLICATION

A.

Applicant proposes to permanently amend rules one and seven of its tariff[1], as described in the instant application, to permit it to install service limiters, on a nondiscriminatory basis and at no charge, at the residences of delinquent customers. The delinquent customer has seven days of limited service before Applicant discontinues service.

A service limiter will be installed only after full notice and adherence to all procedural protections provided in Applicant's tariff that would permit disconnection of a delinquent customer. Accordingly, the tariff changes include a provision that permits the discontinuance of service, without further notice, in instances where a delinquent customer does not bring his account current during the seven-day service limiter period. Additionally, service limiters are installed on every weekday, including Fridays, despite Applicant's practice of not disconnecting service on Fridays.

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[1] Under Applicants original tariff, its only remedy for non-payment was the immediate termination of electric service.

B.

In the instant application, Applicant provided the data that it had been keeping on the service limiter program. Some of the data on the perceived benefits of the program offered by KE include: (1) there has been a general decline in the number of service limits (a high of 1,441 limits in 1998 to a low of 804 limits in 2001); (2) the bad debt write-off percentages for the residential sector has shown a declining trend (from 0.187% in 1997 to 0.0041% in 2001); (3) there has been a general increase in the number of delinquent customers who bring their customer accounts current (a low of 70.0% in 1996 to a high of 89.8% in 2000); and (4) KE represents that there was a reduction in overtime expenses related to nighttime call-outs (quantified as an approximately decrease of $12,000 per year) to restore service immediately and also a further savings in overtime expenses related to customers' willingness to have service restoration occur within a "normal" course of business, rather than requiring a disruption of scheduled service calls.

The costs of the program include: (1) installation costs of $17,445 and $13,734 in 2000 and 2001, respectively; (2) removal costs of $13,006 and $11,924 in 2000 and 2001, respectively; (3) the average cost per installation of installation and removal has increased from $14.39 in 2000 to $17.08 in 2001; and (4) the average annual cost of purchasing limiters and cost per field collection activity have decreased between 2000 and 2001.

III.

Based upon our review of the instant application, the continued use of service limiters appears reasonable. It provides delinquent customers with a period of limited service in cases where service would otherwise be disconnected, thus mitigating hardship to these customers. We further find, that given the nominal nature of the service limiter costs, that it is also reasonable for KE to continue expensing the cost of the service limiters.

IV.

THE COMMISION ORDERS:

1. KE's proposed, permanent amendments to Rules Nos. 1 and 7 of its tariff, as described in the instant application and, as set forth in Exhibit B, are approved.

2. KE shall be allowed to continue expensing the cost of the service limiters.

3. KE shall file its revised tariff with the commission consistent with the terms of this decision and order, which shall be effective upon filing.

DONE at Honolulu, Hawaii this 10th day of October, 2002.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By ______________________
Wayne H. Kimura, Chairman

By ______________________
Janet E. Kawelo, Commissioner

By (RECUSED)
Gregg J. Kinkley, Commissioner

APPROVED AS TO FORM:

____
Kevin M. Katsura
Commission Counsel
02-0091.ac

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 19699 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

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DATED: October 10, 2002