

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
)
HAWAIIAN ELECTRIC COMPANY, INC.)
)
For Approval to Donate a Retired)
Production System to 'Olelo:)
The Corporation for Community)
Television.)
_____)

DOCKET NO. 04-0050

DECISION AND ORDER NO. 20882

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DIV. OF CONSUMER ADVOCACY
DEPT. OF PUBLIC UTILITIES AND
CONSUMER AFFAIRS
STATE OF HAWAII

Filed March 31, 2004
At 12:00 o'clock P .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)
HAWAIIAN ELECTRIC COMPANY, INC.) Docket No. 04-0050
For Approval to Donate a Retired) Decision and Order No. 20882
Production System to 'Olelo:)
The Corporation for Community)
Television.)
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DECISION AND ORDER

I.

Introduction

HAWAIIAN ELECTRIC COMPANY, INC. ("HECO") requests the commission's approval to donate a retired linear video production system to 'Olelo: The Corporation for Community Television ("'Olelo").¹ HECO makes its request for commission approval pursuant to Condition No. 13 (fka Condition No. 14), set forth in Decision and Order No. 7153, filed on July 19, 1982, in Docket No. 4337.²

¹HECO's application, filed on March 3, 2004.

²In Docket No. 4337, *In re Hawaiian Elec. Co., Inc., and Hawaiian Elec. Indus., Inc.*, the commission: (1) approved the merger of Hawaiian Electric Industries ("HEI"), Inc., into HECO, with HECO as the surviving corporation; and (2) authorized HEI, Inc. to own all of HECO's issued and outstanding common stock.

As part of its approval and authorization, the commission imposed certain conditions, set forth in a document entitled "Conditions for the Merger and Corporate Restructuring of Hawaiian Electric Company, Inc." See Decision and Order No. 7070, filed on April 19, 1982; Decision and Order No. 7153, filed on July 19, 1982; Decision and Order No. 7203, filed on August 19, 1982; and Order No. 7256, filed on September 29, 1982.

Condition No. 13 specifies:

The Utility Corporation shall not transfer any of its property which is or was in the rate base nor assume any liabilities of Industries, directly or indirectly, without the prior approval of the Commission. The determination of the transfer value and the accounting and rate-making treatment thereof shall be determined by the Commission at the time of approval of such transfer.³

HECO served copies of its application upon the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate"). The Consumer Advocate does not object to the commission's approval of HECO's request to donate the retired linear video production system to 'Olelo, or to HECO's accounting and ratemaking treatment of the retired system's net book value.⁴

II.

Background/Discussion

'Olelo is a non-profit Hawaii corporation that provides "individuals and community groups free access to video production equipment, studio space, edit facilities and air time to enable individuals and community groups the ability to produce and transmit non-commercial messages via television to the public."

HECO purchased its linear video production system in 1991 for \$78,428. The system consists of a mainframe computer, video switcher control panel, audio mixer control panel, keyboard

³"Utility Corporation" refers to HECO, while "Industries" refers to HEI, Inc.

⁴Consumer Advocate's position statement, filed on March 19, 2004.

for the main computer, ten (10) custom computer boards, and cables to connect the various components to the mainframe.

In 1998, HECO purchased a non-linear video editing system to replace its linear video production system. In 1999, HECO retired its linear video production system. The system's net book value at the time of its retirement was \$22,780.

HECO states that donating the linear video production system to 'Olelo is consistent with the public interest. Specifically:

1. Its linear video production system "began to have problems and the cost to repair and maintain the obsolete system was not cost-effective."

2. Its non-linear video editing system: (A) increases reliability and productivity in its video production work; and (B) is an industry standard non-linear editing system.

3. Its retired linear video production system is no longer used or useful for the provision of electric utility service.

4. The components from HECO's retired linear video production system are interchangeable with 'Olelo's equipment. 'Olelo intends to use the components to repair its broken units.

5. If the retired linear video production system is not donated, HECO will discard the equipment. In addition, HECO will "incur additional administrative and disposal costs if the retired equipment is junked, rather than donated to 'Olelo."

HECO also explains that:

1. The accounting entries for the retired, donated system, based on its original cost, are: (A) a debit to Account 108, Accumulated Provision for Depreciation of Utility Plant in Service; and (B) a credit to Account 391, Office Furniture and Equipment.

2. The ratemaking treatment of the donated system is similar to its accounting treatment. No gain or loss is recognized.

3. The donated system is not recognized as a charitable contribution for accounting, ratemaking, or tax purposes.

Based on HECO's representations, the Consumer Advocate states that "although the donated equipment has a net book value of \$22,780, there is no transfer value under HECO's proposal." In addition, "the net book value is insignificant compared to HECO's total plant in service balance and is thus expected to have a negligible impact on HECO's revenue requirements and the resulting rates charged for electric service."

The commission approves: (1) HECO's request to donate its retired linear video production system to 'Olelo; and (2) HECO's accounting and ratemaking treatment of the retired system's net book value.

III.

Orders

THE COMMISSION ORDERS:

1. HECO's request to donate its retired linear video production system to 'Olelo is approved.

2. HECO's accounting and ratemaking treatment of the retired linear video production system's net book value is approved, consistent with Condition No. 13 of Decision and Order No. 7153, filed on July 19, 1982, in Docket No. 4337.

3. This docket is closed.

DONE at Honolulu, Hawaii this 31st day of March, 2004.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
Wayne H. Kimura, Commissioner

By 
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:


Michael Azama
Commission Counsel

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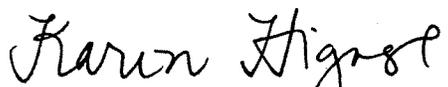
CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 20882 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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DIVISION OF CONSUMER ADVOCACY
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Karen Higashi

DATED: March 31, 2004