

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
KAUAI ISLAND UTILITY COOPERATIVE)
For approval to commit funds in)
Excess of \$500,000 for the Port)
Allen steam plant automation)
Project.)

DOCKET NO. 04-0041

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HON. DEPT. OF PUBLIC UTILITIES
DEPT. OF PUBLIC UTILITIES AND
OPERATIONS AFFAIRS
STATE OF HAWAII

ORDER NO. 20916

Filed April 21, 2004
At 8:00 o'clock A.M.

Karen Higash
Chief Clerk of the Commission

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of))	
KAUAI ISLAND UTILITY COOPERATIVE)	Docket No. 04-0041
)	
For approval to commit funds in)	Order No. 20916
Excess of \$500,000 for the Port)	
Allen steam plant automation)	
Project.)	
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ORDER

I.

Introduction

On February 20, 2004, KAUAI ISLAND UTILITY COOPERATIVE ("KIUC"), filed an application for approval to commit funds in excess of \$500,000 for the Port Allen steam plant automation project. Applicant seeks approval pursuant to General Order ("G.O.") No. 7, Standards for Electric Utility Service in the State of Hawaii, to commit funds for and to commence construction that is expected to cost in excess of \$500,000.

KIUC, by its application and pursuant to 1.2.b, of G.O. No. 7, seeks a waiver of the Section 2.3.g.2 requirement that its application "be submitted to the commission for review at least 60 days prior to the commencement of construction or commitment for expenditure, whichever is earlier," if the application is not approved prior to the expiration of the 60-day period.

KIUC served copies of the application on the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs ("Consumer Advocate"). On April 19, 2004, KIUC and the Consumer

Advocate (collectively, "Parties") filed a Proposed Stipulated Order, attached hereto as Exhibit 1 to this order. Upon review, the commission concludes that the Parties' Proposed Stipulated Order should be approved and made part of this order, subject to a modification, noted below.

II.

Modification to Proposed Stipulated Order

Paragraph 8, which states, "NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, that the Commission grant an order allowing KIUC to immediately commit funds for and begin its Port Allen steam plant automation project pending the Commission's determination as to whether said project is necessary or useful for public utility purposes in accordance with Section 2.3.g.2." shall be deleted and replaced to read as follows:

"NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, that KIUC's request for a waiver of the Section 2.3.g.2 requirement to file its application at least sixty (60) days prior to the commencement of construction or commitment for expenditures of funds, filed on February 20, 2004, is approved."

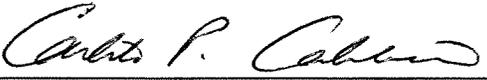
III.

Order

THE COMMISSION ORDERS that the Parties' Proposed Stipulated Order attached hereto as Exhibit 1 is approved and shall be made part of this order, subject to the modification, noted above.

DONE at Honolulu, Hawaii this 21st day of April, 2004.

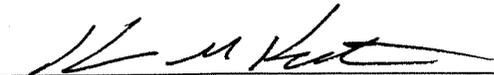
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By (EXCUSED)
Wayne H. Kimura, Commissioner

By 
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:



Kevin M. Katsura
Commission Counsel

04-0041.cs

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application)
)
 of) Docket No. 04-0041
)
 KAUAI ISLAND UTILITY COOPERATIVE)
)
 For approval to commit funds in excess of)
 \$500,000 for the Port Allen steam plant)
 automation project)

STIPULATED ORDER NO. _____

and

CERTIFICATE OF SERVICE

Filed _____, 2004

At _____ o'clock ____ .m.

Chief Clerk of the Commission

Exhibit 1

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application)
)
 of) Docket No. _____
)
 KAUAI ISLAND UTILITY COOPERATIVE)
)
 For approval to commit funds in excess of)
 \$500,000 for the Port Allen steam plant)
 automation project)
 _____)

STIPULATION FOR ORDER

WHEREAS, pursuant to Section 2.3.g.2 of the Commission's General Order No. 7, Standards for Electric Utility Service in the State of Hawaii ("Section 2.3.g.2") KAUAI ISLAND UTILITY COOPERATIVE ("KIUC") files with the Public Utilities Commission of the State of Hawaii ("Commission") applications to include in its rate base capital expenditures for projects in excess of \$500,000;

WHEREAS, Section 2.3.g.2 states, among other things, that the proposed capital expenditures "shall be submitted to the Commission for review at least 60 days prior to the commencement of construction or commitment for expenditure, whichever is earlier;"

WHEREAS, pursuant to KIUC's February 20, 2004 Application ("Application"), KIUC requested that the Commission, before the expiration of 60 days from the date of the Application, (1) issue an order granting KIUC's request to commit funds and commence construction of its proposed Port Allen steam plant automation project as more particularly described in the Application, or (2) in the alternative, issue an order granting KIUC's waiver request to commit funds for and begin its Port Allen Steam steam plant automation project immediately without the Commission's approval;

WHEREAS, the Division of Consumer Advocacy ("Consumer Advocate") is an ex-officio party to any proceeding before the Commission pursuant to HAR § 6-61-62;

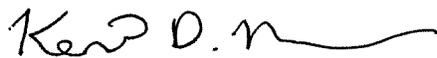
WHEREAS, in accordance with KIUC's requests set forth above, KIUC and the Consumer Advocate hereby agree that KIUC should be allowed to commit funds for and begin its Port Allen steam plant automation project immediately pending the Commission's determination as to whether said project is necessary or useful for public utility purposes in accordance with Section 2.3.g.2;

WHEREAS, the Consumer Advocate reserves the right to state its position on the merits of the Application after it has completed its review of the Application;

WHEREAS, KIUC acknowledges that if the Commission does not approve the Application, KIUC will have the burden of proof to justify the reasonableness of the capital expenditures in its next rate case.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, that the Commission grant an order allowing KIUC to immediately commit funds for and begin its Port Allen steam plant automation project pending the Commission's determination as to whether said project is necessary or useful for public utility purposes in accordance with Section 2.3.g.2.

DATED: Honolulu, Hawaii, April 19, 2004.



ALAN M. OSHIMA
KENT D. MORIHARA
Attorneys for Kauai Island Utility
Cooperative



CHERYL S. KIKUTA
Acting Executive Director
Division of Consumer Advocacy
Department of Commerce and Consumer Affairs

APPROVED AND SO ORDERED THIS _____, 2004,
at Honolulu, Hawaii.

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:

Kevin Katsura
Chief Legal Counsel

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing STIPULATED ORDER NO. _____, upon the following party(s), by causing a copy hereof to be mailed, postage prepaid and properly addressed.

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

JOSEPH M^CCAWLEY
Manager – Regulatory Affairs
KAUAI ISLAND UTILITY COOPERATIVE
4463 Pahe'e Street
Lihue, Hawaii 96766-2032

GARY W. PEERS
Vice President - Production
KAUAI ISLAND UTILITY COOPERATIVE
4463 Pahe'e Street
Lihue, Hawaii 96766-2032

ALTON MIYAMOTO
President and Chief Executive Officer
KAUAI ISLAND UTILITY COOPERATIVE
4463 Pahe'e Street
Lihue, Hawaii 96766-2032

ALAN M. OSHIMA, ESQ.
KENT D. MORIHARA, ESQ.
OSHIMA CHUN FONG & CHUNG LLP
841 Bishop Street, Suite 400
Honolulu, Hawaii 96813

Karen Higashi, Chief Clerk

DATED: _____

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 20916 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

JOSEPH McCAWLEY
MANAGER - REGULATORY AFFAIRS
KAUAI ISLAND UTILITY COOPERATIVE
4463 Pahe'e Street
Lihue, HI 96766-2032

GARY W. PEERS
VICE PRESIDENT - PRODUCTION
KAUAI ISLAND UTILITY COOPERATIVE
4463 Pahe'e Street
Lihue, HI 96766-2032

ALAN M. OSHIMA, ESQ.
KENT D. MORIHARA, ESQ.
OSHIMA CHUN FONG & CHUNG LLP
841 Bishop Street, Suite 400
Honolulu, HI 96813

ALTON MIYAMOTO
PRESIDENT AND CHIEF EXECUTIVE OFFICER
KAUAI ISLAND UTILITY COOPERATIVE
4463 Pahe'e Street
Lihue, HI 96766-2032



Karen Higashi

DATED: April 21, 2004