

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 H0001048, Manini'owali )  
Subdivision Phase 1, Installation )  
of an Underground Distribution )  
System. )  
\_\_\_\_\_ )

DOCKET NO. 04-0060

DECISION AND ORDER NO. 21033

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

2004 JUN -7 P 4: 12

RECEIVED

Filed June 7, 2004  
At 2:30 o'clock P .M.

Karen Higuel.  
Chief Clerk of the Commission



Consumer Advocate does not object to the commission's approval of HELCO's application.<sup>2</sup>

## II.

### Installation of an Underground Distribution System

The Project involves the installation of an underground distribution system to serve the Manini'owali Subdivision Phase 1 (the "Subdivision"), located at Kaupulehu, North Kona, island of Hawaii. The Project will: (1) initially serve approximately thirty-three (33) lots; and (2) ultimately serve a total of approximately one-hundred twenty (120) lots.<sup>3</sup>

In accordance with HELCO's tariff Rule 13 ("Rule 13"), the Developer will fund the Project's entire cost through: (1) a refundable customer advance of \$391,784; and (2) a non-refundable cash contribution-in-aid-of-construction (aka CIAC) of \$182,110. The cash advance represents payment for the cost of an equivalent overhead distribution system, and the cash CIAC represents the difference in cost between an underground and overhead distribution system.<sup>4</sup>

On February 19, 2004, the Developer made a down payment of \$60,000, representing ten (10) per cent of the Project's

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<sup>2</sup>Consumer Advocate's position statement, filed on May 27, 2004.

<sup>3</sup>The additional eighty-seven (87) lots will require the eventual construction of an underground distribution system similar to the system proposed for Phase 1.

<sup>4</sup>The estimated cost for an equivalent overhead distribution system is \$391,784.  $\$573,893 - \$391,784 = \$182,110$  cash CIAC.

estimated cost at that time.<sup>5</sup> The construction of HELCO's electrical facilities is expected to commence in November 2004 (or sooner), with completion by February 2005.<sup>6</sup>

HELCO explains that transmission and distribution projects of this nature generally are not considered in its Integrated Resource Planning process. Rather: (1) the general assumption is that new customers will be connected to HELCO's system in accordance with HELCO's plans for its distribution system; and (2) in this instance, the Subdivision's distribution system is being installed underground at the Developer's request.

### III.

#### Consumer Advocate's Position

At the outset, the Consumer Advocate notes:

1. There are no existing electrical facilities to serve the Subdivision.
2. The Project is necessary to complete the real estate development.
3. The Developer will install the infrastructure (ducts and manholes) for the underground distribution system.

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<sup>5</sup>"HELCO will be requesting payment of the balance of the [P]roject cost, based on the firm cost proposal, approximately four weeks before issuing the work order for construction. HELCO anticipates payment from the Developer sometime in August 2004[.]" HELCO's response to CA-IR-1. "HELCO will not start construction without full payment of the advance and cash CIAC." HELCO's response to CA-IR-5.

<sup>6</sup>Id.; and HELCO's application, at 4.

The Consumer Advocate finds reasonable HELCO's request to commit the estimated funds for the Project:

1. The Developer will fund the Project's entire cost, including the "estimated cost difference of the underground placement versus overhead placement of the new electrical distribution system."<sup>7</sup>

2. Based on HELCO's Rule 13, the Developer's contributions appear reasonable at this time.

3. HELCO will proceed with the construction of the Project only after the Developer has accepted HELCO's firm proposal, and HELCO receives full payment from the Developer.

As an aside, the Consumer Advocate recommends that HELCO, on a prospective basis, amend its Rule 13 "to more clearly define the general practice of when advances are collected and when the period for refunding the advances starts."<sup>8</sup>

#### IV.

##### Discussion

The Project involves the installation, underground, of a distribution system for the provision of electric utility service to the Subdivision. The Developer will fund the Project's entire cost through a customer advance and cash CIAC. The commission finds that the Project is reasonable and

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<sup>7</sup>Consumer Advocate's position statement, at 5.

<sup>8</sup>Id. at 8. See also id. at 6 - 8 (Consumer Advocate's discussion on HELCO's collection of the Developer's contributions).

consistent with the public interest. The commission, thus, will approve the expenditure of funds for the Project.

Because HELCO anticipates that the Project will be completely funded by a customer advance and cash CIAC, no impact on HELCO's rate base is expected, based on the Project's estimated cost.

V.

Orders

THE COMMISSION ORDERS:

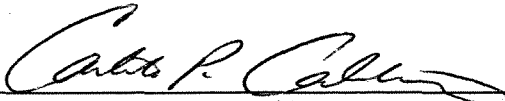
1. HELCO's request to expend an estimated \$573,893 for Item H0001048, the installation of an underground distribution system at the Manini'owali Subdivision Phase 1, is approved.

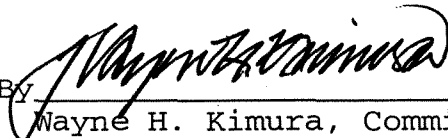
2. HELCO shall submit a report within sixty (60) days of the Project's commercial operation, with an explanation of any deviation of ten (10) per cent or more in the Project's cost from that estimated in the application.

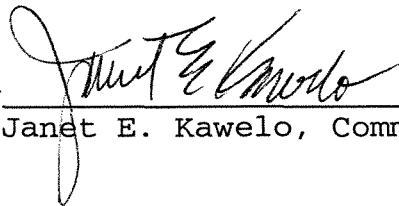
3. HELCO shall conform to the commission's order set forth above. Failure to adhere to the commission's order shall constitute cause for the commission to void this decision and order, and may result in further regulatory action as authorized by law.

DONE at Honolulu, Hawaii this 7th day of June, 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

04-0060.sl

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 21033 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  
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WARREN H. W. LEE  
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Karen Higashi

DATED: June 7, 2004