

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
HAWAIIAN ELECTRIC COMPANY, INC.)
For Expedited Approval to Sell)
Materials to University of Hawaii -)
Manoa.)
_____)

DOCKET NO. 04-0335

DECISION AND ORDER NO. 21520

Filed December 27, 2004
At 1:15 o'clock P.M.

for Brooke K. Kane
Chief Clerk of the Commission

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

ATTEST: A True Copy
BROOKE K. KANE
Administrative Director
Public Utilities Commission
State of Hawaii

Brooke K. Kane

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DECISION AND ORDER

I.

Background

On November 18, 2004, HAWAIIAN ELECTRIC COMPANY, INC. ("HECO") requested expedited commission approval to sell certain materials to the University of Hawaii at Manoa ("University"), in the approximate amount of \$19,840.¹ On November 19, 2004, the commission approved HECO's request on an interim basis, subject to the condition that HECO file a formal application for approval no later than December 9, 2004.²

¹See HECO's letter, dated November 18, 2004.

²Interim Order No. 21470, filed on November 19, 2004. The commission also reserved its right to review the merits of HECO's request, following the filing of HECO's formal application.

HECO served copies of its letter, dated November 18, 2004, upon the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate"). Following its review of HECO's letter, "the Consumer Advocate stated verbally to the commission that it does not object to HECO's request, but reserved for itself the right to state its position with respect to the substance of HECO's formal application on this matter." Interim Order No. 21470, at 2, footnote 4.

On December 3, 2004, HECO filed its Application seeking commission approval to sell certain materials to the University, in the approximate amount of \$9,254, to support the University's efforts in providing power to certain on-campus buildings.³ HECO timely filed its application in compliance with Interim Order No. 21470, and served copies of its Application upon the Consumer Advocate.

HECO makes its request for approval pursuant to: (1) Hawaii Revised Statutes ("HRS") § 269-19; and (2) Paragraph 13 of the "Conditions For the Merger and Corporate Restructuring of Hawaiian Electric Company, Inc.," attached as Exhibit A to Order No. 7256, filed on September 29, 1982, in Docket No. 4337 ("Paragraph 13").

II.

HECO and the Consumer Advocate

HECO describes the requested materials as "800 feet of 500 KCM, EPR insulated, 3-1/C, 600V conductor; 50 feet 1/0, 19 strand bare copper wire; 10 ea[ch] 500 mcm lugs with 4 spaces; and 10 split bolt connector, 500 MCM, copper."⁴ The estimated cost of these materials is \$9,254, which is lower than the

³HECO's Application, Verification, Exhibits I to IV, and Certificate of Service, filed on December 3, 2004 (collectively, the "Application"). "HECO provides service to the University at the primary service level. The University owns, operates and maintains the distribution system on the Manoa campus." Id. at 2.

⁴Exhibit I of HECO's Application.

initial estimated amount of \$19,840.⁵ On November 18, 2004, HECO delivered the materials to the University.

In support of its Application, HECO represents:

1. "The electrical distribution system at the University campus was damaged during the flooding on October 30, 2004, and certain buildings had difficulty in restoring electrical service."⁶

2. The University needs the materials to support its efforts to provide power to certain buildings on campus from several generators it has acquired.

3. "HECO has the requested materials on hand, the materials cannot be obtained from suppliers locally, and will take approximately four months to obtain from the Mainland. HECO has a sufficient inventory of the requested items to provide reliable service on its system."⁷

4. On October 31, 2004, the Governor, by Proclamation, declared the Manoa Valley area a "disaster area."⁸ The Proclamation directs "all state and county agencies and officers to cooperate with and extend their services, materials, and facilities as may be required to assist in all efforts to eliminate the danger."⁹

⁵HECO notes that "[t]he University required less material than originally estimated." HECO's Application, at 2.

⁶Id. at 1 and 2.

⁷Id. at 2.

⁸Attached as Exhibit IV to HECO's Application is a copy of the Governor's Proclamation.

⁹Id. at 5.

5. HECO's provision of materials to the University "is in the public interest of assisting an educational facility to provide needed electrical service in this emergency situation."¹⁰

6. The materials are part of HECO's transmission and distribution materials inventory. If the commission approves HECO's request, "HECO will credit its inventory account for the carrying value of the materials, and will record a receivable from the University for the same amount."¹¹

The Consumer Advocate does not object to the commission's approval of HECO's Application, finding that:

1. HECO's sale of the materials to the University: (A) will not negatively impact HECO's ability to provide reliable utility service to its ratepayers; and (B) is consistent with the Governor's Proclamation.

2. HECO's recommended accounting treatment of the sale is reasonable.¹²

¹⁰HECO's Application, at 3.

¹¹Id. at 4.

¹²Consumer Advocate's position statement, filed on December 7, 2004.

III.

HRS § 269-19 and Condition 13

HRS § 269-19 provides that no public utility shall sell, lease, assign, mortgage, or otherwise dispose of or encumber the whole or any part of its road, line, plant, system, or other property necessary or useful in the performance of its duties to the public, "without first having secured from the public utilities commission an order authorizing it so to do." "Every such sale, lease, assignment, mortgage, disposition, encumbrance . . . , made other than in accordance with the order of the commission shall be void." HRS § 269-19. The purpose of HRS § 269-19 is to safeguard the public interest. *In re Honolulu Rapid Transit Co.*, 54 Haw. 402, 409, 507 P.2d 755, 759 (1973).

In addition, Paragraph 13 of Order No. 7256 provides:

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.¹³

The supplying of the requested materials to the University is consistent with the public interest of restoring electrical service to the University's facilities that have lost power due to the Halloween Eve flooding of 2004. The commission approves: (1) HECO's request to sell the requested materials, as

¹³"Utility Corporation" refers to HECO, while "Industries" refers to Hawaiian Electric Industries, Inc.

described in Exhibit I of HECO's Application, to the University;
and (2) HECO's accounting treatment arising out of the sale of
these materials to the University.

IV.

Orders

THE COMMISSION ORDERS:

1. HECO's request to sell certain materials, as
described in Exhibit I of its Application, to the University of
Hawaii at Manoa, is approved.

2. HECO's accounting treatment arising out of the
sale of said materials to the University of Hawaii at Manoa is
approved.

3. This docket is closed.

DONE at Honolulu, Hawaii December 27, 2004.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By Carlito P. Caliboso
Carlito P. Caliboso, Chairman

APPROVED AS TO FORM:

Michael Azama
Michael Azama
Commission Counsel

By Wayne H. Kimura
Wayne H. Kimura, Commissioner

By Janet E. Kawelo
Janet E. Kawelo, Commissioner

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 21520 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
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Sandra C. Leong
for Karen Higashi

DATED: December 27, 2004