

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
MAUI ELECTRIC COMPANY, LIMITED)
For Expedited Approval to Sell)
Materials to the Queen Kaahumanu)
Shopping Center and/or Macy's)
West, a division of Federated)
Department Stores, Inc.)

DOCKET NO. 05-0049

INTERIM ORDER NO. 21658

Filed Feb. 25, 2005
At 2 o'clock P.M.

Karen Higashi.
Chief Clerk of the Commission

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

ATTEST: A True Copy
KAREN HIGASHI
Chief Clerk, Public Utilities
Commission, State of Hawaii.

K. Higashi.

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OF THE STATE OF HAWAII

In the Matter of the Application of)
MAUI ELECTRIC COMPANY, LIMITED) Docket No. 05-0049
For Expedited Approval to Sell) Interim Order No. 21658
Materials to the Queen Kaahumanu)
Shopping Center and/or Macy's)
West, a division of Federated)
Department Stores, Inc.)

INTERIM ORDER

By this interim order, the commission approves MAUI ELECTRIC COMPANY, LIMITED'S ("MECO") February 25, 2005 request for expedited approval to immediately sell materials to the Queen Kaahumanu Shopping Center ("QKSC") and/or Macy's West, a division of Federated Department Stores, Inc. ("Macy's"), subject to certain conditions.

I.

Expedited Request for Interim Approval

MECO seeks expedited interim approval to sell a 1,500 kilovolt ampere padmount transformer ("Proposed Sale of Materials") to QKSC and/or Macy's to support their efforts to restore power to Macy's.¹ In support of its expedited request, MECO represents:

¹See MECO's letter, dated and filed on February 25, 2005 ("MECO Letter").

1. At approximately 5:03 p.m. on February 23, 2005, one of the eight transformers serving QKSC incurred an unplanned outage. MECO provides service to QKSC, including Macy's, at the primary service level. The transformers serving the shopping center are owned by the shopping center. The transformer that incurred the outage only serves Macy's. No other stores at QKSC were affected by the transformer outage. MECO Letter at 1.

2. After testing the transformer on Thursday, February 24, 2005, QKSC determined that it could not be repaired. Neither QKSC nor Macy's has a spare transformer. *Id.*

3. QKSC requested the sale of a transformer and the labor to install the unit in order to restore service to Macy's.² *Id.* (footnote in original).

4. MECO has the requested materials available, the materials cannot be obtained from local suppliers, and the materials will take approximately four (4) to six (6) months to be shipped from the mainland. MECO Letter at 1 - 2.

5. "MECO has sufficient inventory of the requested item to provide reliable service on its system." MECO Letter at 2.

²At this time, it has not been determined if QKSC or Macy's will pay for the transformer. MECO received verbal assurances from both QKSC and Macy's that one of the parties will pay for the transformer and the installation. In addition to the sale of the transformer, MECO will install the transformer and bill QKSC and/or Macy's the labor costs for the installation.

6. "Providing the transformer is in the public interest of assisting a large retail customer restoring electrical service in this emergency situation." *Id.*

7. MECO will submit a formal application if it is required. It makes this request "via letter due to the expedited nature of this request." MECO Letter at 1.

8. If the commission approves the Proposed Sale of Materials, to QKSC and/or Macy's, MECO will credit its inventory account for the carrying value of the materials and record a receivable from QKSC. The cost of the transformer is approximately \$21,000.

MECO filed a copy of its Letter with the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate").³

II.

Discussion

Hawaii Revised Statutes ("HRS") § 269-19 provides that a public utility is prohibited from, among other things, selling, leasing, assigning, mortgaging, encumbering, or otherwise disposing of its property that is necessary or useful in the

³After a review of MECO's Letter, the Consumer Advocate stated verbally to the commission that it does not object to MECO's request, but reserved for itself the right to state its position with respect to the substance of MECO's formal application on this matter.

performance of its duties in the public, without first obtaining an order from the commission authorizing the public utility so to do. HRS § 269-19 further states that "[e]very such sale, lease, assignment, mortgage, disposition, encumbrance, merger, or consolidation, made other than in accordance with the order of the commission shall be void." The contents of an application of a public utility for such an order must satisfy the requirements of Hawaii Administrative Rules ("HAR") § 6-61-105. However, the commission's rules "shall be liberally construed to secure the just, speedy, and inexpensive determination of every proceeding." HAR § 6-61-1.

Paragraph thirteen (13) of the "Conditions For the Merger and Corporate Restructuring of Hawaiian Electric Company, Inc.," which is attached as Exhibit A to Order No. 7256, filed on September 29, 1982, in Docket No. 4337 ("Order No. 7256"), requires prior commission approval of transfers of property that is or was in MECO's rate base. Paragraph thirteen (13) of Order No. 7256 states:

"13. 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 [c]ommission. The determination of the transfer value and the accounting and ratemaking treatment thereof shall be determined by the [c]ommission at the time of approval of such transfer."

In light of MECO's representations that the immediate transfer of the materials is necessary to provide QKSC and Macy's with electrical service in this emergency situation, we find MECO's request for expedited interim approval of the

Proposed Sale of Materials to be reasonable and in the public interest. We further find that MECO's recommended accounting treatment of the Proposed Sale of Materials is reasonable. Thus, we conclude that MECO's February 25, 2005 request for expedited approval to immediately sell materials to QKSC and/or Macy's should be approved, provided that MECO submits a formal application in accordance with the applicable laws, rules, and procedures relating to the above-referenced transaction within twenty (20) days from the date of this interim order.

Such approval is further conditioned upon MECO's compliance with the applicable laws, rules and regulations relating to the above-referenced transaction and any other terms, conditions, and requirements imposed subsequent to the commission's and the Consumer Advocate's respective reviews of the merits of the formal application filed in this docket.

III.

Order

THE COMMISSION ORDERS that MECO's February 25, 2005 request for expedited approval to immediately sell materials to QKSC and/or Macy's is approved, subject to the following conditions:

1. MECO shall submit a formal application in accordance with the applicable laws, rules, and procedures relating to the above-referenced transaction within twenty (20) days from the date of this interim order and

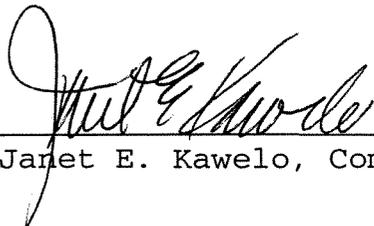
2. The commission and the Consumer Advocate reserve their respective rights to review the merits of the above-referenced transaction relating to the Proposed Sale of Materials to QKSC and/or Macy's subsequent to the submission of MECO's formal application in accordance with the applicable laws, rules and regulations.

DONE at Honolulu, Hawaii FEB 25 2005.

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:


Catherine P. Awakuni
Commission Counsel

MECO.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Interim Order No. 21658 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

EDWARD L. REINHARDT
PRESIDENT
MAUI ELECTRIC COMPANY, LIMITED
P. O. Box 398
Kahului, HI 96733-6898

DARCY ENDO-OMOTO
INTERIM DIRECTOR - REGULATORY AFFAIRS
HAWAIIAN ELECTRIC COMPANY, INC.
P. O. Box 2750
Honolulu, HI 96840-0001



Karen Higashi

DATED: February 25, 2005