

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
)
HAWAIIAN ELECTRIC COMPANY, INC.)
)
For Approval to Construct a Temporary)
and Permanent 46kV Overhead)
Subtransmission Line Pursuant to)
HRS Section 269-27.6(a) for)
Item Y00105 - Kamehameha Highway)
North Kahana Bridge Replacement)
Overhead Line Relocation)
_____)

DOCKET NO. 2007-0064

DECISION AND ORDER NO. 23678

Filed Sept. 25, 2007
At 11 o'clock A .M.

Karen Higashi
Chief Clerk of the Commission

RECEIVED

2007 SEP 26 A 8:21

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

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

Karen Higashi

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Docket No. 2007-0064

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DECISION AND ORDER

By this Decision and Order, the commission:

(1) grants HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO")¹ request for approval to construct temporary 46kV overhead subtransmission lines and subsequently relocate and construct permanent 46kV overhead subtransmission lines to approximately their original alignment in and around Kahana Bay Beach Park, in the manner set forth in the Application for Approval to Construct a Temporary and Permanent 46 [kilovolts ("kV")] Overhead Subtransmission Line Pursuant to HRS [§] 269-27.6(a) for Item Y00105 - Kamehameha Highway North Kahana Bridge Replacement Overhead Line Relocation ("Application"), pursuant to HRS

¹HECO is a Hawaii corporation and a public utility as defined by Hawaii Revised Statutes ("HRS") § 269-1. HECO was initially organized under the laws of the Kingdom of Hawaii on or about October 13, 1891. HECO is engaged in the production, purchase, transmission, distribution, and sale of electricity on the island of Oahu in the State of Hawaii.

§ 269-27.6(a); and (2) determines that a public hearing is not required, pursuant to HRS § 269-27.5.

I.

Background

A.

Applicant's Request

On March 12, 2007, HECO filed its Application in this docket. HECO requests:

- (1) Commission determination that the temporary and permanent 46kV subtransmission lines be constructed above the surface of the ground, pursuant to HRS § 269-27.6(a).
- (2) If the commission determines that a public hearing is necessary, that the commission schedule a public hearing, pursuant to HRS § 269-27.5.²

The proposed project, Item Y0015 - Kamehameha Highway North Kahana Bridge Replacement Overhead Line Relocation ("Proposed Project"), includes (1) Item P0001346 - Kamehameha Highway North Kahana Bridge Replacement Temporary Overhead Line Relocation;³ and (2) Item P0001347 - Kamehameha Highway

²See Application at 2.

³The temporary overhead relocation work consists of: (1) the installation of one 60-foot wood pole (i.e., pole P.305T), four 55-foot wood poles (i.e., poles P.301T, P.302T, P.303T, and P.304T), and eight anchors; (2) the installation of approximately 700 circuit feet of 3/0 AAC 46kV, 336 KCM AAC 12kV, and secondary overhead conductors; (3) the removal of two existing wood poles (i.e., poles P.302 and P.303), and two anchors; and (4) the removal of approximately 615 circuit feet of 3/0 AAC 46kV, 336 KCM AAC 12kV, and secondary overhead conductors. See Application at 6; Exhibit III.

North Kahana Bridge Replacement Permanent Overhead Line Relocation.⁴

The Proposed Project is necessitated by a request from the State Department of Transportation ("DOT") to accommodate the widening and replacement of the North Kahana Stream Bridge ("the DOT Bridge Project").⁵ To accommodate the construction of the DOT Bridge Project, DOT plans to construct a temporary bypass road and bridge in a temporary construction easement that will allow traffic to detour around the existing bridge.⁶ DOT requested that HECO temporarily relocate the 46kV, 12kV and secondary overhead lines that are currently located along Kamehameha Highway near the North Kahana Stream Bridge to the temporary easement to provide a clear 100-foot zone around the existing bridge.⁷ Once construction of the new roadway and bridge is completed, the temporary lines will be removed from the temporary easement and the permanent overhead lines will be

⁴The permanent overhead relocation work consists of: (1) the installation of two 65-foot wood poles (i.e., pole P.302 and P.303); (2) the installation of approximately 615 circuit feet of 3/0 AAC 46kV, 336 KCM AAC 12kV, and secondary overhead conductors; (3) the removal of one temporary 60-foot wood pole (i.e., pole P.305T), four 55-foot wood poles (i.e., poles P.301T, P.302T, P.303T, and P.304T), and eight anchors; and (4) the removal of approximately 700 circuit feet of 3/0 AAC 46kV, 336 KCM AAC 12kV, and secondary overhead conductors. See Application at 7; Exhibit IV.

⁵See Application at 5. The North Kahana Stream Bridge is located between Kaaawa and Punaluu, near Kahana Bay Beach Park. See Application at 6.

⁶See Application at 6.

⁷See Application at 6.

re-installed along Kamehameha Highway in approximately the same alignment and physical location as before.⁸

HECO's total capital cost for the Proposed Project is approximately \$354,607 (excluding change-over and removal costs).⁹ The total project cost for cost-sharing purposes is \$461,060.¹⁰ Pursuant to HRS § 264-33, DOT will provide a contribution-in-aid-of-construction ("CIAC") in the amount equal to fifty percent of the estimated project costs after deducting \$27,699 for depreciation and salvage costs of the existing line and the first \$10,000 of the project cost.¹¹ Thus, DOT will provide a CIAC amounting to \$211,680.50.¹²

⁸See Application at 6. The end result of this project is that there will be a net effect of zero poles added or removed. There will be a total of seven new wood poles (i.e., poles P.302, P.303, P.301T, P.302T, P.303T, P.304T, and P.305T) installed. Of these, two will be permanent pole replacements (i.e., poles P.302 and P.303) in approximately the same alignment and physical location as before (i.e., thirty-five feet and ten feet, respectively, away from the existing pole locations, and the two existing poles will be removed). Five poles will be temporary poles (i.e., poles P.301T, P.302T, P.303T, P.304T, and P.305T) that will be removed after the permanent construction is completed. See Application at 7 and n.3.

⁹HECO states that its estimated total capital cost does not include change-over and removal costs because such items are non-capital costs not ordinarily included in HECO's capital cost estimates provided to the commission. See Application at 3. Since the HECO's total capital cost is less than \$2,500,000, commission approval of the project pursuant to paragraph 2.3(g)(2) of General Order No. 7 is not required. See Decision and Order No. 21002, filed on May 27, 2004, in Docket No. 03-0257 (increasing the General Order No. 7 capital expenditures threshold from \$500,000 to \$2,500,000, excluding customer contributions, effective July 1, 2004).

¹⁰See Application at 9.

¹¹See Exhibit VI, Proposed Utility Agreement No. 1939, at 25.

¹²See Exhibit VI, Proposed Utility Agreement No. 1939, at 5.

Construction of HECO's facilities for the temporary overhead relocation is estimated to start in August 2007 and be completed by October 2007.¹³ Construction of HECO's facilities for the permanent overhead relocation is expected to start upon completion of the DOT Bridge Project in January 2009, and be completed by March 2009.¹⁴ The timing of HECO's construction will depend on DOT's construction schedule.¹⁵

B.

Consumer Advocate's Position

On July 24, 2007, the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate"),¹⁶ filed its Statement of Position ("SOP"). In its SOP, the Consumer Advocate states that: (a) it concurs that a public hearing is not required for the Proposed Project; and (b) the temporary and subsequent replacement 46kV subtransmission lines should be constructed on overhead facilities.¹⁷

¹³See Application at 7.

¹⁴See Application at 7-8.

¹⁵See Application at 8.

¹⁶The Consumer Advocate is an ex officio party to this docket pursuant to HRS § 269-51 and HAR § 6-61-62.

¹⁷See Consumer Advocate SOP at 1.

II.

Discussion

HRS § 269-27.6(a), "Construction of high-voltage electric transmission lines; overhead or underground construction," states:

Notwithstanding any law to the contrary, whenever a public utility applies to the public utilities commission for approval to place, construct, erect, or otherwise build a new [46kV] or greater high voltage electric transmission system, either above or below the surface of the ground, the public utilities commission shall determine whether the electric transmission system shall be placed, constructed, erected, or built above or below the surface of the ground; provided that in its determination, the public utilities commission shall consider:

- (1) Whether a benefit exists that outweighs the costs of placing the electric transmission system underground;
- (2) Whether there is a governmental public policy requiring the electric transmission system to be placed, constructed, erected, or built underground, and the governmental agency establishing the policy commits funds for the additional costs of undergrounding;
- (3) Whether any governmental agency or other parties are willing to pay for the additional costs of undergrounding;
- (4) The recommendation of the [Consumer Advocate], which shall be based on an evaluation of the factors set forth under this subsection; and
- (5) Any other relevant factors.¹⁸

HECO requests approval to construct both the temporary and permanent 46kV lines above the ground. HECO states that

¹⁸Subsections (b) and (c) of HRS § 269-27.6, which apply to 138kV and greater lines, do not apply to the Proposed Project.

"[t]he requirements of HRS § 269-27.6(a) are satisfied by [the Proposed Project]."¹⁹ The commission agrees, and finds that the Proposed Project is reasonable and in the public interest, as discussed herein.

First, under HRS § 269-27.6(a)(1), the commission finds that the benefits, if any, do not outweigh the costs associated with placing the temporary and permanent 46kV lines underground. HECO estimates that based on an estimated cost of \$875,208 for underground costs versus an estimated \$158,214 for overhead costs, it would cost approximately five times more to underground the lines than to construct them overhead.²⁰ HECO also states that (1) "[t]he temporary overhead relocation is required to facilitate the replacement of the bridge and is expected to be in service only until the bridge is completed"; (2) "[t]he overhead lines will eventually be restored to approximately the same location as the existing lines"; (3) "[t]he visual impact of the temporary and permanent overhead [46kV] lines will not be significantly altered, since there is an existing [46kV] overhead circuit already in this area"; and (4) "the portion of the [46kV] line that is being temporarily relocated . . . is only moving at most 100 feet laterally from the existing location."²¹ Finally, as the Consumer Advocate notes, HECO has determined that "permanent underground lines would actually require more poles

¹⁹See Application at 8.

²⁰See Application at 8; Exhibit V.

²¹See Application at 8-9.

to be installed than the permanent overhead lines."²² The Consumer Advocate states that the "minimal visual impacts from the proposed overhead line placement and the necessity to add more poles with the underground line placement support a determination that there is no benefit that outweighs the cost . . . [of installing] the proposed 46kV transmission lines in underground facilities."²³ In addition, the Consumer Advocate states that because the 46kV lines represent only a portion of the existing overhead 46kV transmission system in the area, "incurring the additional costs to underground the portion of the line may not be reasonable if the remaining lines outside of the project area remain on overhead facilities."²⁴ Accordingly, the benefits, if any, do not outweigh the costs associated with placing the temporary and permanent 46kV lines of the Proposed Project underground.

Second, under HRS § 269-27.6(a)(2), the commission is not aware of a governmental public policy requiring underground construction of the Proposed Project. Indeed, HECO states that "[t]o the best of HECO's knowledge, there is no governmental public policy requiring underground construction of this line[.]"²⁵ The Consumer Advocate notes that "although there have been State legislative efforts to study the feasibility of requiring the underground placement of all utility facilities in

²²Application at Exhibit V.

²³Consumer Advocate SOP at 12.

²⁴Consumer Advocate SOP at 12.

²⁵Application at 9.

the State, to-date[,] none of the recommendations have resulted in legislative measures requiring the underground placement of all electric transmission lines."²⁶ Thus, the Consumer Advocate states that it "is not aware of any governmental public policy or mandate requiring the underground placement of the instant 46kV transmission lines for the project area or zone proposed in the [Application]."²⁷

Third, under HRS § 269-27.6(a)(3), the commission is not aware of any governmental agency or any other party willing to pay for the additional costs of placing the lines entirely underground. HECO states that to the best of its knowledge, "there is no governmental agency or other parties willing to pay for the additional costs of undergrounding[.]"²⁸ Indeed, in response to a letter sent by HECO, DOT confirmed that it is unable to pay for the additional costs of undergrounding the 46kV line.²⁹ In addition, the Consumer Advocate states that it "is unaware of any other party that . . . may be willing to pay for the additional costs of placing the facilities underground."³⁰

²⁶Consumer Advocate SOP at 12-13 (citing House Bill No. 1647 and Senate Bill No. 632, Session Laws of Hawaii (2005)).

²⁷Consumer Advocate SOP at 13.

²⁸Application at 9 (footnote omitted).

²⁹See Application at 9; Exhibit VII. The Consumer Advocate notes that "the application does not contain a copy of the HECO letter, dated November 9, 2006, referred to by DOT." Consumer Advocate SOP at 13. The commission determines that in light of the inclusion of DOT's letter in this instance, and based on the language in that letter, HECO is not required to include a copy of its letter, dated November 9, 2006, with the Application.

³⁰Consumer Advocate SOP at 13.

Fourth, under HRS § 269-27.6(a)(4), the commission recognizes that the Consumer Advocate, after reviewing the Proposed Project under HRS § 269-27.6(a), states that it:

Evaluated the factors set forth in HRS § 269-27.6 and does not object to the proposed construction of the temporary and permanent 46kV lines on overhead facilities in the temporary easement and in approximately the same alignment and placement as the existing facilities that will be removed to accommodate the DOT's construction of the Kahana Bridge project.³¹

Fifth, the commission is not aware of any other "relevant factors." HECO and the Consumer Advocate state that they are unaware of any other relevant factors.³² The Consumer Advocate notes that "there are telecommunication cables on the existing poles and [that it] inquired [with HECO] whether the Company had explored a sharing of the relocation and restoration costs of the existing poles under a joint pole agreement."³³ The Consumer Advocate states that "HECO indicated that it would explore this possibility, but claimed that any sharing of costs would not likely result in a determination that there exists a benefit that outweighs the costs of placing the lines in underground facilities."³⁴ In addition, the Consumer Advocate states that "the Company did not perform a cost[-]benefit analysis that considers the [long-term] cost differential of maintaining the proposed 46kV permanent

³¹Consumer Advocate SOP at 14.

³²See Application at 9; Consumer Advocate SOP at 13.

³³Consumer Advocate SOP at 13.

³⁴Consumer Advocate SOP at 13-14.

facilities on overhead versus underground facilities" because "the subject docket pertains to only 615 circuit feet of an existing 46kV transmission line that extends beyond the project area" and "[i]t was viewed that such analysis would not be practical in the instant docket if the transmission lines that extend beyond the project area remain on overhead facilities."³⁵

Based on the foregoing, the commission concludes that HECO's Proposed Project to construct temporary 46kV overhead subtransmission lines and subsequently relocate and construct permanent 46kV overhead subtransmission lines to approximately their original alignment in and around Kahana Bay Beach Park, in the manner set forth in the Application, should be approved.³⁶

³⁵Consumer Advocate SOP at 14.

³⁶In its Application, HECO asserts that pursuant to HRS § 269-27.5, a public hearing is not required for the Proposed Project because (a) the permanent relocation will return the 46kV transmission line to approximately the same location and alignment; (b) the project area is not explicitly zoned for residential use; and (c) there is minimal impact to existing homes, visual or otherwise. See Application at 4. The commission agrees and concludes that a public hearing is not required for the Proposed Project, pursuant to HRS § 269-27.5.

The Consumer Advocate considers whether the contributions from DOT are reasonable. Without approving the inclusion of any part of the Proposed Project in HECO's future rate base, the commission agrees with the Consumer Advocate that based on the facts presented in this docket, the CIAC from DOT is reasonable.

In addition, the Consumer Advocate, recognizing that the project costs are estimates at this time, reserves the right to review the final costs associated with this project in the Company's rate proceeding following the completion of the project. The commission acknowledges the Consumer Advocate's reservation of rights with respect to the estimated project costs, and further and expressly states that no part of this Decision and Order should be construed as commission approval of the final costs associated with the Proposed Project.

III.

Orders

THE COMMISSION ORDERS:

1. HECO's Proposed Project to construct temporary 46kV overhead subtransmission lines and subsequently relocate and construct permanent 46kV overhead subtransmission lines to approximately their original alignment in and around Kahana Bay Beach Park, in the manner set forth in the Application, is approved, pursuant to HRS § 269-27.6(a).

2. A public hearing is not required for the Proposed Project, pursuant to HRS § 269-27.5.

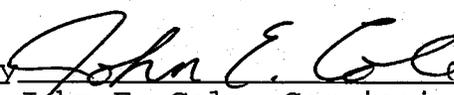
3. HECO shall submit a report within sixty days of the Proposed Project's commercial operation, with an explanation of any deviation of ten percent or more in the Proposed Project's cost from that estimated in the Application. Failure to submit this report will constitute cause to limit the cost of the Proposed Project, for ratemaking purposes, to that estimated in the Application.

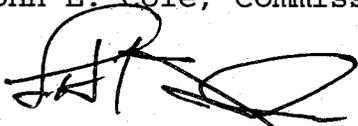
4. HECO shall conform to the commission's order set forth in paragraph 3, above. Failure to adhere to the commission's order shall constitute cause for the commission to void this Decision and Order, and may result in further regulatory action as authorized by law.

DONE at Honolulu, Hawaii SEP 25 2007.

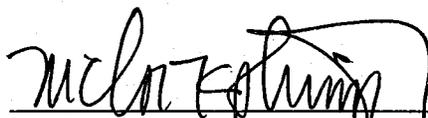
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
John E. Cole, Commissioner

By 
Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:


Nichole K. Shimamoto
Commission Counsel

2007-0064.eh

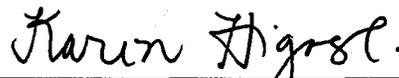
CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 23678 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

CATHERINE P. AWAKUNI
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Karen Higashi

DATED: SEP 25 2007