

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)

HAWAIIAN ELECTRIC COMPANY, INC.)

DOCKET NO. 2007-0408

For Expedited Approval to Sell Ten)
46 kV Insulators to the United)
States Army)

INTERIM ORDER NO. 23882

Filed December 10, 2007

At 3:30 o'clock P.M.

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

for Gleaves P. Luicasop
Chief Clerk of the Commission

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

for Gleaves P. Luicasop

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INTERIM ORDER

By this Interim Order, the commission approves, subject to certain conditions herein, HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO") request for expedited approval to sell ten 46 kilovolt ("kV") insulators to the United States Army ("Army") to assist the Army's efforts in restoring electrical service to Schofield Barracks.

I.

Expedited Request for Interim Approval

By letter filed on December 10, 2007,¹ HECO seeks expedited interim approval to sell ten 46 kV insulators to the Army to assist the Army's efforts in restoring electrical service to Schofield Barracks. Specifically, in support of its expedited request, HECO represents:

¹HECO states that it made its request via letter due to the expedited nature of the request, and that it will submit a formal application within twenty days after expedited approval is granted. See Letter dated December 7, 2007 and filed on December 10, 2007, from HECO to the commission, at 1 n.1.

1. During a severe storm in the early morning of December 5, 2007, a three pole section of an Army 46 kV tie-line between the Castner and Menoher Substations, both located on Schofield Barracks, was damaged and fell down as a result of the heavy wind and rain.

2. Approximately one-half of Schofield Barracks, primarily residential areas, has been out of service since the outage occurred, and will remain out of service until repairs on the 46 kV tie-line, including the use of HECO's insulators, can be completed.

3. The Army has requested the sale of the 46 kV insulators in order to restore service to Schofield Barracks as soon as possible.

4. The insulators cannot be obtained from local suppliers. HECO has the requested insulators on hand,² and HECO has sufficient inventory of the requested item to provide reliable service on its system.

5. Expedited approval is requested in response to the Army's request for HECO's immediate assistance to provide the insulators in this emergency situation.³

6. The cost of the insulators is \$1,650. If the commission approves the sale of the insulators to the Army, HECO will credit its inventory account for the carrying value of the insulators, and record a receivable from the Army.

²The 46 kV insulators are part of HECO's Transmission and Distribution materials inventory. See id. at 2.

³HECO notes that the subject insulators were delivered to the Army on Thursday, December 6, 2007. See id. at 1 n.2.

7. "Providing the insulators is in the public interest as it will enable the military to restore electrical service in this emergency situation."⁴

8. The DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate") does not object to HECO's request for expedited approval, but reserves the right to state its position with respect to the substance of HECO's formal application on this matter.

II.

Discussion

HECO is requesting approval to sell the 46 kV insulators pursuant to Hawaii Revised Statutes ("HRS") § 269-19, which provides, in relevant part, that:

[n]o public utility corporation shall sell, lease, assign, mortgage, or otherwise dispose of or encumber . . . any part of its road, line, plant, system, or other property necessary or useful in the performance of its duties to the public, or any franchise or permit, or any right thereunder . . . without first having secured from the public utilities commission an order authorizing it to do so. Every such sale . . . disposition . . . made other than in accordance with the order of the commission shall be void.

HRS § 269-19. HECO represents that commission approval is requested because the transfer of materials involves the use of property that is "necessary and useful" in the performance of HECO's duties to the public within the meaning of HRS § 269-19.⁵

⁴Id. at 1.

⁵See id.

In addition, HECO requests approval under Paragraph 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. Paragraph 13 requires prior commission approval for transfers of property that is or was in HECO's rate base:

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 Commission. The determination of the transfer value and the accounting and ratemaking treatment thereof shall be determined by the Commission at the time of approval of such transfer.

Based on HECO's representations regarding the purpose for the sale -- specifically, to assist the Army in restoring service to Schofield Barracks as soon possible -- the commission finds HECO's request for expedited interim approval of the proposed sale to be reasonable and in the public interest. Thus, the commission concludes that HECO's December 10, 2007 request for expedited approval to sell ten 46 kV insulators to the Army, should be approved, provided that HECO submits a formal application in accordance with the applicable laws, rules, and procedures relating to the transaction within twenty days from the date of this interim order.

Such approval is further conditioned upon HECO'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:

HECO's December 10, 2007 request for expedited approval to sell ten 46 kV insulators to the Army, is approved, subject to the following conditions:

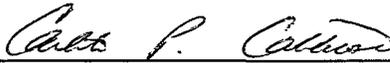
1. HECO shall submit a formal application in accordance with the applicable laws, rules, and procedures relating to the transaction within twenty days from the date of this interim order; and

2. The commission and the Consumer Advocate reserve their respective rights to review the merits of the transaction relating to the proposed sale subsequent to the submission of HECO's formal application in accordance with the applicable laws, rules, and regulations.

DONE at Honolulu, Hawaii

DEC 10 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:


Kaiulani Kidani Shinsato
Commission Counsel

2007-0408.eh

CERTIFICATE OF SERVICE

I hereby certify that I have on this date served a copy of the foregoing Interim Order No. 23882 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

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for Eleanor R. Luinso

Karen Higashi

DATED: DEC 10 2007