

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of )  
HAWAIIAN ELECTRIC COMPANY, INC. )  
For Approval of a Waiver of Rule 13 )  
of HECO's Tariff to allow HECO to )  
Pay for a Portion of the )  
Underground Conversion Cost for )  
Item P0001502, North South Road, )  
Phase IB, 12kV OH to UG Conversion )  
- North South Road/Farrington )  
Highway Intersection )

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DOCKET NO. 2008-0003

DECISION AND ORDER

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

PUBLIC UTILITIES  
COMMISSION

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FILED

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Phase 1B, 12kV OH to UG Conversion )  
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DECISION AND ORDER

By this Decision and Order, the commission approves HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO")<sup>1</sup> request for a waiver of Rule 13 of its tariff ("Rule 13") to allow HECO to contribute approximately \$95,245 to convert 12kV overhead lines to 12kV underground lines for Item P0001502, North South Road, Phase 1B project ("Project").

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<sup>1</sup>HECO 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.

I.

Background

A.

Application

On January 8, 2008, HECO filed an application requesting commission approval for a waiver of Rule 13 to allow HECO to contribute approximately \$95,245 for the Project ("Application").<sup>2</sup> HECO filed its request pursuant to HECO's tariff Sheet No. 1,<sup>3</sup> and Decision and Order No. 20473, filed on October 1, 2003, in Docket No. 03-0036.

1.

Project Description

Initiated at the request of the State Department of Transportation ("DOT"), the Project stems from the DOT's construction of the North South Road, which will run from the extended Kapolei Parkway to Farrington Highway, parallel to HECO's existing Ewa Nui-CEIP (Campbell Estate Industrial Park) 138kV overhead line. The Project involves

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<sup>2</sup>HECO served copies of the Application on the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate"), an ex officio party to this docket pursuant to HRS § 269-51 and Hawaii Administrative Rules ("HAR") § 6-61-62. No persons moved to intervene or participate in this proceeding.

<sup>3</sup>HECO's tariff Sheet No. 1 states, in relevant part: "[t]he rules and rate schedules set forth herein have been fixed by order of the Public Utilities Commission of the State of Hawaii and may not be abandoned, changed, modified or departed from without the prior approval of the Commission."

the installation of underground infrastructure, riser poles, and underground cables, which will be designed and constructed by the DOT and provided to HECO as an in-kind contribution; and the removal of the existing 12kV overhead lines that cross the proposed North South Road and Farrington Highway intersection. According to HECO, the DOT will provide the underground infrastructure (i.e., ductlines and handholes) while HECO will provide the electrical facilities for the Project. HECO will also be removing approximately 358 circuit feet of 12kV and neutral overhead conductors.

The Project includes \$63,900 in system betterment costs, which includes the installation of two larger manholes, duct stub outs, and an additional 330 feet of 4-5" ducts between manholes A and B and 190 feet of 6-5" ducts between manholes B and C. HECO states that "[b]y increasing the infrastructure on this project, HECO will be able to serve the additional new loads anticipated near the North South Road such as the Ho'o'pili Development and the Department of Land and Natural Resources ("DLNR") land on the mauka side of Farrington Highway."<sup>4</sup>

## 2.

### Cost Allocation

HECO proposes to share the cost of the Project, which is estimated at \$571,245<sup>5</sup> (excluding change-over and

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<sup>4</sup>Application at 4.

<sup>5</sup>Pursuant to Decision and Order No. 21002, filed on May 27, 2004, in Docket No. 03-0257, effective July 1, 2004,

removal costs), with the DOT, which will provide a cash contribution-in-aid-of-construction ("CIAC") estimated at \$263,450 and an in-kind CIAC estimated at \$212,550.<sup>6</sup> As set forth in Utility Agreement No. 1964, pursuant to HRS § 264-33, the DOT will be responsible for the total cost of the overhead to underground conversion, less the estimated cost for an equivalent overhead to overhead relocation. Therefore, the DOT will be contributing \$476,000 (i.e., \$263,450 cash CIAC and \$212,550 in-kind CIAC) and HECO's cost will be \$95,245.

B.

Consumer Advocate's Position

On February 8, 2008, the Consumer Advocate filed its Statement of Position ("Consumer Advocate SOP"), informing the commission that it does not object to approval of the Application. According to the Consumer Advocate, the cost sharing formula is based on HRS § 264-33, which has been applied in previous dockets and found reasonable by the commission. In addition, the Consumer Advocate states that HECO's contribution based on an equivalent overhead

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the capital expenditures threshold of General Order No. 7 was increased from \$500,000 to \$2.5 million, excluding customer contributions. Since the amount of this project is less than \$2,500,000, commission approval pursuant to paragraph 2.3(g)(2) of General Order No. 7 is not required.

<sup>6</sup>According to the Application, HECO will provide the electrical facilities (e.g., poles, cables, splices) at an estimated cost of \$358,695 (for which HECO will receive a cash CIAC of approximately \$263,450); and the DOT will provide the underground infrastructure (e.g., ductlines, handholes) at an estimated cost of \$212,550 (i.e., in-kind CIAC).

placement is reasonable as the underground placement exceeds what HECO would have constructed, but for the DOT's request. Finally, the Consumer Advocate notes that HECO is incurring an additional \$63,900 in system betterment, which "appears reasonable" given the "considerable development [] planned in the project area."<sup>7</sup> Nonetheless, the Consumer Advocate states that it "reserves its right to review the final costs associated with this project in [HECO's] next rate proceeding following the completion of the project."<sup>8</sup>

## II.

### Discussion

HECO's tariff Sheet No. 1 states, in relevant part: "The rules and rate schedules set forth herein have been fixed by order of the Public Utilities Commission of the State of Hawaii and may not be abandoned, changed, modified or departed from without the prior approval of the [c]ommission."

HECO's tariff Rule No. 13.D.4 states:

[W]hen mutually agreed upon by the customer or applicant and [HECO], overhead facilities will be replaced with underground facilities, provided the customer or applicant requesting the change makes a contribution of the estimated cost installed of the underground facilities less the estimated net salvage of the overhead facilities removed.

HECO's tariff Rule No. 13.D.4.

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<sup>7</sup>Consumer Advocate SOP at 5.

<sup>8</sup>Consumer Advocate SOP at 6.

Any deviation from the cost allocation set forth in Rule 13.D.4 requires commission approval. In the instant proceeding, HECO proposes to depart from its Rule 13.D.4 to allow HECO to share in the costs to relocate the existing overhead facilities to underground facilities.

Here, having reviewed the record, the commission finds that the Project is reasonable and in the public interest. The cost sharing for the Project is based on HRS § 264-33, and is generally consistent with HECO's Policy on Underground Lines, which states:

HECO will convert existing overhead lines to underground lines:

- As part of an eligible community or government-initiated project to underground HECO's distribution and service lines (25kV and below). Provided that monies are available, HECO shall contribute at 100% its cost, the planning, design, material procurement and construction of the electrical work (e.g., cable installation, transformers, terminations, etc.). The community and/or government agency shall perform at 100% its cost, the planning, design, material procurement and construction of the civil/structural infrastructure work (e.g., trenching, ductline construction, manholes, etc.) . . . .<sup>9</sup>

Similarly, HECO's Cost Contribution for Placing Overhead Distribution Lines Underground, Guideline Summary, states that when converting existing overhead lines to underground lines,

HECO will perform and pay for 100% of the planning, design and construction of

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<sup>9</sup>HECO's Policy on Underground Lines, filed on May 24, 2006, in Docket No. 03-0260 (certain formatting omitted).

the electrical work for its facilities if the community and/or government are willing to perform and pay for 100% of the planning, design and construction of the ductline infrastructure to bury existing neighborhood distribution lines (25kV and below).<sup>10</sup>

In addition, HECO will be incurring \$63,900 in system betterment, which HECO states will enable it to serve additional loads in the area.

Based on the foregoing, the commission determines that HECO's request for a waiver of Rule 13 to allow it to contribute \$95,245 for the Project, should be approved.

### III.

#### Orders

##### THE COMMISSION ORDERS:

1. HECO's request for a waiver of its tariff Rule 13 to allow HECO to contribute approximately \$95,245 for the Project is approved; provided that no part of the project may be recovered from HECO's ratepayers unless and until approval for such recovery is granted by the commission in HECO's next general rate increase proceeding.

2. Within thirty (30) days after the completion of the Project, HECO shall file a final cost report with the commission and serve two copies of the same on the Consumer Advocate.

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<sup>10</sup>HECO's Cost Contribution for Placing Overhead Distribution Lines Underground, Guideline Summary, filed on March 15, 2006, in Docket No. 03-0260.




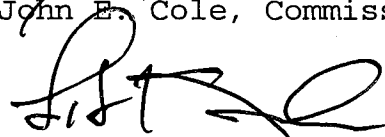
3. HECO shall conform to the commission's orders set forth above. Failure to adhere to the commission's orders may constitute cause for the commission to void this Decision and Order, and may result in further regulatory action as authorized by law.

DONE at Honolulu, Hawaii SEP 11 2008.

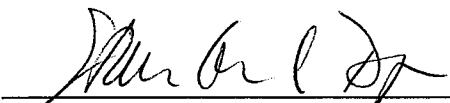
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By   
Carlito P. Caliboso, Chairman

By   
John E. Cole, Commissioner

By   
Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:

  
Stacey Kawasaki Djou  
Commission Counsel

2008-0003.laa

CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail, postage prepaid, and properly addressed to the following parties:

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