

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 Ten )  
46 kV Insulators to the United )  
States Army )  

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DOCKET NO. 2007-0408

DECISION AND ORDER NO. 23979

Filed Jan. 24, 2008  
At 11:30 o'clock A.M.

Karen Higashi  
Chief Clerk of the Commission

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

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KAREN HIGASHI  
Chief Clerk, Public Utilities  
Commission, State of Hawaii.

Karen Higashi

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Docket No. 2007-0408  
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DECISION AND ORDER

By this Decision and Order, the commission approves HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO") application 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 ("Application").<sup>1</sup>

I.

Background

A.

Interim Relief

By letter dated and filed on December 7, 2007, HECO sought expedited interim approval to sell ten 46 kV insulators to the Army to assist the Army's efforts in restoring electrical

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<sup>1</sup>HECO served its Application on the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate"), an ex officio party to this docket, pursuant to Hawaii Revised Statutes ("HRS") § 269-51 and Hawaii Administrative Rules § 6-61-62.

service to Schofield Barracks.<sup>2</sup> According to HECO, it requested expedited approval in response to the Army's request for HECO's immediate assistance in restoring service to Schofield Barracks as soon as possible.

By Interim Order No. 23882, filed on December 10, 2007 ("Interim Order"), the commission approved HECO's expedited request, provided that HECO file an application within twenty days from the date of the Interim Order. The Interim Order also reserved the rights of the commission and the Consumer Advocate to review the merits of the transaction subsequent to the submission of HECO's formal application, in accordance with the applicable laws, rules, and regulations.

B.

Application

On December 21, 2007, HECO timely filed its Application, in accordance with the Interim Order. In support of its Application, HECO represents:

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.

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<sup>2</sup>Due to an inadvertent filing error, Interim Order No. 23882, filed on December 10, 2007, indicates that HECO's letter for expedited relief was filed on December 10, 2007. HECO's letter for expedited relief was actually filed on December 7, 2007.

2. Approximately one-half of Schofield Barracks, primarily residential areas, was out of service when the outage occurred on December 5, 2007 until repairs on the 46 kV tie-line, which included the use of HECO's insulators, were completed on December 8, 2007.<sup>3</sup>

3. The Army 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,<sup>4</sup> 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.

6. The cost of the insulators is approximately \$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.

7. "Providing the insulators is in the public interest as it will enable the military to restore electrical service in this emergency situation."<sup>5</sup>

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<sup>3</sup>HECO notes that the 46 kV insulators were delivered to the Army on Thursday, December 6, 2007. See Application, at 2 n.2.

<sup>4</sup>The 46 kV insulators are part of HECO's Transmission and Distribution materials inventory. See id. at 4.

<sup>5</sup>Id. at 3.

C.

Consumer Advocate's Position

On December 26, 2007, the Consumer Advocate filed its Statement of Position. In its review of the Application, the Consumer Advocate stated that it considered the following issues:

(1) Was the proposed sale of the insulators reasonable?  
(2) Will the proposed sale have a negative impact on HECO's ability to provide service? (3) Is the proposed accounting treatment of the transaction reasonable?

Regarding the first and second issues, the Consumer Advocate concluded that the sale of the insulators to the Army was reasonable, and that HECO's ability to provide service will not be adversely impaired by the sale of the insulators. Moreover, as to the third issue, the Consumer Advocate stated that it did not object to the proposed accounting treatment for the proposed sale.

II.

Discussion

HECO is requesting approval to sell the 46 kV insulators pursuant to 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.

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 Application for expedited approval of the proposed sale to be reasonable and in the public interest. The commission further finds that HECO's recommended accounting treatment for the sale is reasonable. Thus, the commission concludes that HECO's Application should be approved.

### III.

#### Orders


#### THE COMMISSION ORDERS:


1. HECO's Application, requesting approval to sell ten 46 kV insulators to the Army, is approved.


2. This docket is closed unless otherwise ordered by the commission.

DONE at Honolulu, Hawaii JAN 24 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:

  
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 Decision and Order No. 23979 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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Karen Higashi

DATED: JAN 24 2008