

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of )  
KAUAI ISLAND UTILITY COOPERATIVE )  
For Approval of Changes to Its )  
Tariff to Reflect a 2008 Resource )  
Cost Adjustment (DSM & IRP) )  
Surcharge. )  
\_\_\_\_\_ )

DOCKET NO. 2007-0426

DECISION AND ORDER NO. 23986

Filed Jan. 29, 2008  
At 11 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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ATTEST: A True Copy  
KAREN HIGASHI  
Chief Clerk, Public Utilities  
Commission, State of Hawaii.

Karen Higashi.

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KAUAI ISLAND UTILITY COOPERATIVE )  
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Docket No. 2007-0426  
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DECISION AND ORDER

By this Decision and Order, the commission approves KAUAI ISLAND UTILITY COOPERATIVE's ("KIUC") request to approve changes to its tariff to reflect a 2008 Resource Cost Adjustment (Demand Side Management ("DSM") and Integrated Resource Plan ("IRP")) Surcharge, effective February 1, 2008.

I.

Background

KIUC is a not-for-profit consumer cooperative association organized under the laws of the State of Hawaii with its principal place of business in Lihue, Kauai, Hawaii. An operating public utility, KIUC is engaged in the production, transmission, distribution, purchase, and sale of electric energy on the island of Kauai.

A.

Proposed Tariff Changes

On December 28, 2007, KIUC filed an application requesting commission approval of changes to its tariff to reflect a 2008 Resource Cost Adjustment (DSM & IRP) Surcharge ("2008 Surcharge") pursuant to Hawaii Revised Statutes ("HRS") § 269-16(b) and Hawaii Administrative Rules ("HAR") § 6-61-111 ("Application").<sup>1</sup> The 2008 Surcharge is designed to allow KIUC to recover KIUC's estimated 2008 IRP and DSM program costs. KIUC's 2008 IRP budget and estimate for its total 2008 IRP costs is \$494,680, which includes revenue taxes less reconciliation for over-collection in 2007.<sup>2</sup> KIUC's 2008 DSM budget provides for \$0 for Residential DSM Program costs, and provides for \$740,008 for Commercial DSM Program costs, which includes related revenue taxes plus a reconciliation for 2007 under-collection.<sup>3</sup> KIUC submits a copy of the tariff changes that incorporate the 2008 Surcharge provision, with supporting reconciliation workpapers.<sup>4</sup> KIUC requests that the 2008 Surcharge be effective as of February 1, 2008.

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<sup>1</sup>KIUC 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 HAR § 6-61-62.

<sup>2</sup>See Application at Exhibit A.

<sup>3</sup>See Application at Exhibit B.

<sup>4</sup>See Application at Exhibit C.

B.

Consumer Advocate's Position

On January 16, 2008, the Consumer Advocate filed its Statement of Position informing the commission that it does not object to approval of KIUC's request to implement the 2008 Surcharge, as proposed in its Application ("CA Statement of Position"). Notably, the Consumer Advocate "recommends that the implementation of the proposed 2008 [S]urcharge be authorized at this time" as "[a]ny questions regarding the budget can be pursued without delaying the collection of the budget amounts."<sup>5</sup> In addition, "the budget estimates are reconciled to the actual expenditures and any over/under collections resulting from a budget variance will be trued up in the 2009 surcharge."<sup>6</sup>

II.

Discussion

HRS § 269-16(b) states, in relevant part:

No rate, fare, charge, classification, schedule, rule, or practice, other than one established pursuant to an automatic rate adjustment clause previously approved by the commission, shall be established, abandoned, modified, or departed from by any public utility, except after thirty days' notice to the commission as prescribed in section 269-12(b), and prior approval by the commission for any increases in rates, fares, or charges.

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<sup>5</sup>See CA Statement of Position at 3.

<sup>6</sup>Id.

The commission may, in its discretion and for good cause shown, allow any rate, fare, charge, classification, schedule, rule, or practice to be established, abandoned, modified, or departed from upon notice less than that provided for in section 269-12(b) . . . .

HRS § 269-16(b) (emphasis added).

HAR § 6-61-111 states:

Except for tariff filings of water carriers and motor carriers that are governed by sections 6-61-93 and 6-61-94, any public utility tariff additions or changes, other than tariff additions or changes which result in an increase in rates, fares, or charges or changes in any classifications, practices, or rules which would result in an increase in rates, fares, or charges, may be filed with the commission to become effective not less than thirty days after filing. The tariff page or pages to be added or changed shall be filed with the commission, together with a transmittal letter. The transmittal letter shall set forth the applicable information specified in section 6-61-74 and section 6-61-86, together with the latest available balance sheet and income statement, the justification for the proposed additions or changes, and the proposed effective date thereof. The transmittal letter shall have attached to it a certificate of service showing service on the consumer advocate at the time of filing. Two copies of the tariff page or pages, together with the transmittal letter, shall be served on the consumer advocate. The additions or changes to the tariff, unless suspended by the commission, shall become effective thirty days after filing with the commission in compliance with this section or at a later date as may be specified in the transmittal letter. Tariff filings not in compliance with this section will be rejected.

HAR § 6-61-111.

Here, KIUC's proposed tariff changes appear consistent with requirements regarding the recovery of IRP and DSM costs.<sup>7</sup> The mechanism employed by KIUC to recover its 2008 DSM & IRP costs in this application is similar to the mechanisms approved in Docket Nos. 00-0446, 01-0479, 03-0002, 03-0422, 04-0368, 05-0328, and 2006-0495 (previous DSM & IRP cost recovery applications filed by KIUC). Moreover, the commission recognizes that the mechanism employed for determining KIUC's DSM and IRP surcharge for a given period provides for an annual "true-up" or reconciliation of KIUC's actual DSM and IRP expenses incurred for the given period. Accordingly, the commission finds that KIUC's tariff changes proposed in its Application are reasonable and appropriate.

Based on the foregoing, the commission concludes that KIUC's proposed tariff changes reflecting its 2008 Surcharge as set forth in its Application, filed on December 28, 2007, should be approved, as requested.

### III.

#### Orders

##### THE COMMISSION ORDERS:

1. KIUC's proposed tariff changes reflecting its 2008 Resource Cost Adjustment (DSM & IRP) Surcharge are approved, effective February 1, 2008.

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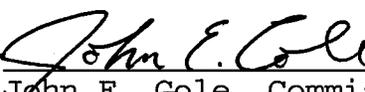
<sup>7</sup>See In re Public Utilities Commission, Docket No. 6617, Decision and Order No. 11523, filed on March 12, 1992; In re Kauai Electric Division of Citizens Utilities Company, Docket No. 94-0337, Decision and Order No. 15733, filed on August 5, 1997.

2. Within five (5) days of the date of this Decision and Order, KIUC shall file with the commission and serve on the Consumer Advocate, revised tariff sheets consistent with the terms of this Decision and Order, and reflecting appropriate issued and effective dates.

DONE at Honolulu, Hawaii JAN 29 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

2007-0426.laa

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 23986 upon the following Petitioners, 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 29 2008