

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 P0034815, Black Point)
Underground Conversion - 4051 and)
4057 Black Point Road.)
_____)

DOCKET NO. 2008-0010

DECISION AND ORDER NO. 24241

Filed May 22, 2008
At 11:30 o'clock A .M.

Karen Higuel
Chief Clerk of the Commission

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

2008 MAY 23 A 9:31

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Docket No. 2008-0010
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DECISION AND ORDER

By this Decision and Order, the commission approves HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO") request for a project-specific waiver of Rule 13 of its tariff ("Rule 13") to allow HECO to contribute approximately \$96,600 to underground the 2.4 kV and secondary overhead lines for Item P0034815, Black Point Underground Conversion - 4051 and 4057 Black Point Road.

I.

Background

HECO is a Hawaii corporation and a public utility as defined by Hawaii Revised Statutes ("HRS") § 269-1. It 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.

A.

Application

On January 22, 2008, HECO filed an application ("Application") for a waiver of Rule 13 of its tariff to allow HECO to contribute approximately \$96,600 for the labor and materials to convert the existing 2.4 kV and secondary overhead lines to 2.4 kV and secondary underground lines for the Black Point Underground Conversion Project located at 4051 and 4057 Black Point Road ("Conversion Project").¹ At the request of HECO customers in the affected area, HECO proposes to underground the existing 2.4 KV and secondary overhead lines that are located near 4051, 4052, 4057, 4062, 4065, 4066 and 4068 Black Point Road.

Specifically, the underground work consists of the installation of:

- (1) Three 3' x 5' handholes;
- (2) One 2' x 4' pullbox;
- (3) Approximately 145 feet of 4-2" ducts;
- (4) Approximately 100 feet of 2-2" and 1-4" ducts;
- (5) Approximately 70 feet of 2-2" and 1-3" ducts;
- (6) Approximately 170 feet of 1-4" duct;

¹HECO 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 § 6-61-62. No persons moved to intervene or participate in this proceeding.

- (7) Approximately 1,700 circuit feet of 1/c #2 PEICN aluminum primary cable and 640 circuit feet of 2-1/c 350 KCM aluminum triplex secondary cable;
- (8) Six one-phase 2.4 kV risers;
- (9) Three secondary risers;
- (10) Two padmount transformers; and
- (11) One anchor.

The work also involves the removal of:

- (1) Approximately 250 circuit feet of two-phase #1/10 AAC primary conductors
- (2) Approximately 45 circuit feet of single-phase #1/10 AAC primary conductors;
- (3) Approximately 370 circuit feet of aerial secondary conductors;
- (4) Approximately 150 circuit feet of #1/10 al triplex secondary conductor;
- (5) One 30-foot pole (P7R);
- (6) One 40-foot wood pole (P7);
- (7) Two anchors; and
- (8) One polemounted transformer.

According to HECO, "[t]he affected homeowners have completed the construction of their portion of the work and the construction of HECO's facilities is nearly completed. The completion of HECO's portion of the project will take approximately 4 weeks after Commission approval is received or

the customer[s] pay[] the full cost of the conversion up-front."² HECO will reimburse the customers \$96,600, if the commission approves its Application.

HECO states that the cost sharing for the Conversion Project is consistent with its Policy on Underground Lines, dated May 2006 (which the commission approved in Order No. 22467, filed on May 16, 2006, in Docket No. 03-0260 ("UG Policy")). HECO contends that it has "proactively addressed the Legislature's clearly expressed concern that the community's desire for underground utility facilities be facilitated, if and to the extent that the undergrounding can be done at a reasonable cost."³ According to HECO, the proposed cost sharing is a "reasonable solution" for the conversion of its facilities from overhead to underground.

B.

Consumer Advocate's Position

On April 14, 2008, the Consumer Advocate filed its statement of position ("SOP") informing the commission that it does not object to approval of the Application. According to the Consumer Advocate, "HECO is proposing to share in the cost of the underground work" pursuant to its UG Policy, which requires HECO "[a]s part of an eligible community or government-initiated project" to contribute 100% of the cost for planning, design, material procurement and construction of the

²Application at 4.

³Application at 5.

electrical work and for the community or government agency to perform 100% of the planning, design, material procurement, and construction of the civil/structural infrastructure work. As set forth in HECO's Cost Contribution for Placing Overhead Distribution Lines Underground, Guideline Summary, updated March 2006 ("Cost Contribution Summary"), "eligible community" projects include a "[p]roject for a cluster (4 or more adjacent lots) of customers."

According to the Consumer Advocate, the Project appears to be within the scope of this criterion, "Criterion No. 3," but that the criterion may be unclear and have unintended results. The Consumer Advocate states that it is unclear what is meant by "a cluster (4 or more adjacent lots)." Here, the cluster is comprised of seven lots of which four homes are on one side of Black Point Road and three homes are on the other side of the road. The Consumer Advocate states that "it is unclear whether the three lots (i.e., 4051, 4057 and 4065) would be eligible for the cost sharing as it is not visibly adjacent to the four other lots. However, because the existing overhead lines serve homes on both sides of Black Point Road, it appears reasonable to include the homes at lots 4051, 4057 and 4065 within Criteria No. 3 to allow cost sharing for replacement of the existing overhead line in that section of Black Point Road with underground facilities."⁴

⁴Consumer Advocate's SOP at 5.

In addition, the Consumer Advocate states that "there is a concern that HECO's criteria may require [HECO] to convert individual sections of overhead lines to underground facilities rather than the entire section of the existing overhead lines in a particular area."⁵ "As a result, the current wording of HECO's [UG] Policy may result in [HECO] incurring costs under its cost-sharing policy that would not meet the objectives of the Policy."⁶ As "the Consumer Advocate's concerns extend beyond the scope of the instant request,"⁷ the Consumer Advocate recommends approval of the Application, but will work with HECO on proposed revisions to the UG Policy and Cost Contribution Summary, if necessary, to address the Consumer Advocate's concerns.

II.

Discussion

HECO's Tariff Sheet No. 1 states, in relevant part:
"The rules and rate schedules set forth herein have been fixed by

⁵Consumer Advocate's SOP at 7. As an example, the Consumer Advocate states that "if lots 4051, 4057 and 4065 did not want to take part in converting that section of overhead lines underground, the current definition of 'cluster' would apply to just the four homes (i.e., 4052, 4062, 4066, and 4068). In this scenario, there is a concern that HECO would be required under its Policy to take part in the cost sharing to convert the section of service drops outside the homeowner's property to underground facilities for only four lots. Such a conversion will not result in the removal of the existing overhead line along Black Point Road as those lines would still be required to serve lots 4051, 4057 and 4065." Id.

⁶Consumer Advocate's SOP at 7.

⁷Consumer Advocate's SOP at 7.

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.

HECO, however, is proposing to share in the cost of the Conversion Project, pursuant to its UG Policy, which states:

HECO will convert existing overhead lines to underground lines . . . [a]s 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.)

. . . .

UG Policy at 2. Under HECO's Cost Contribution Summary, an "eligible community" project is a "[p]roject for a 'cluster' (4 or more adjacent lots) of customers."

In its SOP, the Consumer Advocate expressed concern that HECO's Cost Contribution Summary was ambiguous and could lead to unintended results, but nonetheless recommended approval of the Application. In reviewing the record, the commission

agrees with the Consumer Advocate that Criterion No. 3 should be monitored, but that HECO's request for a waiver from Rule 13 to allow it to contribute approximately \$96,600 for the Conversion Project should be approved. HECO's contribution to the Conversion Project (i.e., \$96,600) is not significant when compared to its overall plant in service. In addition, the Conversion Project is consistent with the intent of the UG Policy to convert existing overhead lines to underground facilities.

Based on the foregoing, the commission approves HECO's request for a project-specific waiver of Rule 13 for the Conversion Project, as set forth in its Application. As referenced in the SOP, HECO and the Consumer Advocate should continue to review the UG Policy and Cost Contribution Summary to address the concerns raised by the Consumer Advocate in this docket.

III.

Orders

THE COMMISSION ORDERS:

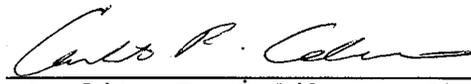
1. HECO's request for a project-specific waiver of its Tariff Rule 13 to allow HECO to contribute approximately \$96,600 towards the underground conversion costs for Item P0034815, Black Point Underground Conversion - 4051 and 4057 Black Point Road, is approved; provided that no part of the project may 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. As soon as reasonably practicable, HECO shall file its final cost report with the commission and serve two copies of the same on the Consumer Advocate.

3. HECO shall conform to the commission's requirements set forth above. Failure to do so 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 MAY 22 2008.

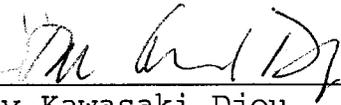
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By: 
Carlito P. Caliboso, Chairman

By: 
John E. Cole, Commissioner

By: 
Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:


Stacey Kawasaki Djou
Commission Counsel

2008-0010.sl

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 24241 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: MAY 22 2008