

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
HAWAIIAN ELECTRIC COMPANY, INC.)
For Approval to Donate a 21-Foot)
Boston Whaler Boat and Trailer.)

DOCKET NO. 2008-0149

DECISION AND ORDER

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

PUBLIC UTILITIES
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FILED

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HAWAIIAN ELECTRIC COMPANY, INC.) Docket No. 2008-0149
For Approval to Donate a 21-Foot)
Boston Whaler Boat and Trailer.)
_____)

DECISION AND ORDER

By this Decision and Order, the commission approves HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO") application for approval to donate a 21-foot Boston Whaler boat, including two Evinrude 70 horse power ("hp") motors and boat trailer, to the Clean Islands Council ("CIC").¹

I.

Background

A.

HECO

HECO is a corporation duly organized under the laws of the Kingdom of Hawaii, on or about October 13, 1891, now existing under and by virtue of the laws of the State of Hawaii ("State").

¹HECO's Application and Certificate of Service, filed on July 29, 2008 ("Application"). HECO served copies of the Application on the DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF CONSUMER ADVOCACY ("Consumer Advocate"), an ex officio party to all proceedings before the commission pursuant to Hawaii Revised Statutes ("HRS") § 269-51; and Hawaii Administrative Rules § 6-61-62.

HECO is an operating public utility engaged in the production, purchase, transmission, distribution, and sale of electricity on the island of Oahu. HECO's principal place of business and executive offices are located at 900 Richards Street, Honolulu, Hawaii.

B.

Application

On July 29, 2008, HECO filed its Application for commission approval to donate a 21-foot Boston Whaler boat, including two Evinrude 70 hp motors and boat trailer, to the CIC pursuant to Paragraph 13 of the "Conditions for the Merger and Corporate Restructuring of Hawaiian Electric Company, Inc." that is attached as Exhibit A to Order No. 7256, dated September 29, 1982, in Docket No. 4337 ("Order No. 7256").²

In support of its Application, HECO represents:

1. A 21-foot Boston Whaler boat and trailer were purchased in January 1971 to perform various environmental

²HECO asserts:

Commission approval pursuant to the provisions of [HRS § 269-19] is not required because HECO no longer uses the Boston Whaler [boat and] HRS § 269-19 provides, in relevant part, that no public utility corporation shall sell, lease, assign . . . or otherwise dispose of . . . any part of its . . . property necessary or useful in the performance of its duties to the public . . . without first having secured from the Public Utilities Commission an order authorizing it so to do.

Application, at 3 (internal quotation marks omitted).

monitoring activities in the waters surrounding HECO's Honolulu, Waiiau, and Kahe Generating Stations.³

2. HECO purchased a new 22-foot Boston Whaler Guardian to replace the 21-foot Boston Whaler boat in 2008 and replaced the trailer and motors in 1994.⁴

3. The CIC plans to refurbish the 21-foot Boston Whaler boat and use it to respond to oil spill emergencies, which is in the public interest because responding to oil spills preserves the State's environment. It also benefits HECO because the CIC would respond to emergencies that include HECO oil spills.⁵

4. The 21-foot Boston Whaler boat has several structural problems, including softening and buckling of the floors, cracking of the gelcoat, and corrosion of the fuel system.⁶

5. Regarding the accounting treatment of the proposed transaction, the 21-foot Boston Whaler boat, including the two Evinrude 70 hp motors and trailer, is currently included in HECO's rate base. As of April 2008, the net book value of the 21-foot Boston Whaler boat, including the two Evinrude 70 hp motors and trailer, was \$12,252.⁷ If the commission

³Application, at 2.

⁴Application, at 2.

⁵Application, at 2.

⁶Application, at 3.

⁷HECO states that it purchased the 21-foot Boston Whaler boat in 1971 for \$4,919.20, and replaced the two Evinrude 70 hp motors and trailer in 1994 for \$19,743.

approves the donation of the 21-foot Boston Whaler boat, including the two Evinrude 70 hp motors and trailer, to the CIC, HECO will record the transaction as a normal retirement with the original book cost recorded as a debit to Accumulated Depreciation and a credit to Utility Plant in Service. There would be no gain or loss on the transaction.⁸

C.

Consumer Advocate's Position

On July 30, 2008, the Consumer Advocate filed its Statement of Position ("Statement of Position") stating that it does not object to commission approval of the requested relief described in the Application. The Consumer Advocate notes:

Paragraph 13 of the "Conditions for the Merger and Corporate Restructuring of Hawaiian Electric Company, Inc." states that HECO "shall not transfer any of its property which is or was in the rate base . . . without the prior approval of the [c]ommission. The determination of the transfer value and the accounting and rate-making treatment thereof shall be determined by the [c]ommission at the time of approval of such transfer."

Statement of Position, at 3 (footnote omitted). The Consumer Advocate states that it does not object to HECO's proposal to treat the transaction as a normal retirement since continuing to recognize the net book value of the 21-foot Boston Whaler in the rate base for future rate proceedings will have a negligible effect on the revenue requirement for such proceeding.⁹

⁸Application, at 3.

⁹Statement of Position, at 3.

The Consumer Advocate does not object to the approval of this instant application for the following reasons:

1. The 21-foot Boston Whaler boat is no longer needed since HECO has purchased a replacement vessel for various environmental monitoring activities in the waters surrounding HECO's Honolulu, Waiiau, and Kahe Generating Stations.

2. The proposal to record the transaction as a normal retirement is expected to have a negligible impact on the revenue requirement for future rate proceedings given the relationship of the existing net book value of the 21-foot Boston Whaler boat compared to HECO's projected rate base for the 2009 test year.¹⁰

II.

Discussion

HECO is requesting approval to donate its 21-foot Boston Whaler boat, including two Evinrude 70 hp motors and boat trailer, to the CIC pursuant to 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. 4337.¹¹ Paragraph 13 requires prior commission

¹⁰The Consumer Advocate observes that the 21-foot Boston Whaler boat, with a \$12,252 net book value, represents .009 percent of HECO's projected rate base of \$1,332,636,000 at proposed rates for the 2009 test year.

¹¹HRS § 269-19 provides that a public utility is prohibited from, among other things, selling, leasing, assigning, mortgaging, encumbering, or otherwise disposing of its property that is necessary or useful in the performance of its duties to the public, without first obtaining the approval of

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 [c]ommission. The determination of the transfer value and the accounting and rate-making treatment thereof shall be determined by the [c]ommission at the time of approval of such transfer.

HECO represents: (1) the 21-foot Boston Whaler boat has several structural problems, which include softening and buckling of the floors, cracking of the gelcoat, and corrosion of the fuel system; (2) a new 22-foot Boston Whaler Guardian was purchased in 2008 to replace the 21-foot Boston Whaler boat and the trailers and motors were replaced in 1994; and (3) donating the 21-foot Boston Whaler boat to the CIC is in the public interest, because the CIC plans to use it to respond to oil spill emergencies.

Based on HECO's representations, the commission finds HECO's request for approval of the donation to be reasonable and in the public interest. The commission further finds that HECO's recommended accounting treatment for the donation is reasonable and notes that it is consistent with the accounting treatment

the commission. HECO explains that it is not requesting approval of the proposed donation of the Boston Whaler pursuant to HRS § 269-19 because the boat is no longer "necessary and useful" in the performance of HECO's duties to the public.

approved in a prior docket.¹² Thus the commission concludes that HECO's Application should be approved.

III.

Orders

THE COMMISSION ORDERS:

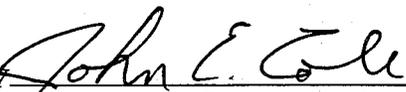
1. HECO's Application, requesting approval to donate its 21-foot Boston Whaler boat, including two Evinrude 70 hp motors and boat trailer, to the CIC is approved.

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

DONE at Honolulu, Hawaii JAN - 9 2009.

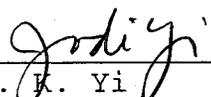
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
John E. Cole, Commissioner

APPROVED AS TO FORM:


By
Leslie H. Kondo, Commissioner


Jodi L. K. Yi
Commission Counsel

2008-0149.1aa

¹²See Decision and Order No. 23674, filed on September 21, 2007, in Docket No. 2007-0169, at 6.

CERTIFICATE OF SERVICE

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

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
P. O. Box 541
Honolulu, HI 96809

DEAN MATSUURA
MANAGER, REGULATORY AFFAIRS
HAWAIIAN ELECTRIC COMPANY, INC.
P.O. Box 2750
Honolulu, HI 96840-0001