

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
)
KAUAI ISLAND UTILITY COOPERATIVE)
)
For Approval of Rate Changes and)
Increases, Revised Rate Schedules)
and Rules, and Other Ratemaking)
Matters.)
_____)

DOCKET NO. 2009-0050

ORDER GRANTING MOTION TO ALLOW 2010 CALENDAR
YEAR AS THE TEST YEAR IN LIEU OF MID-YEAR TEST YEAR

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COMMISSION

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FILED

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KAUAI ISLAND UTILITY COOPERATIVE) Docket No. 2009-0050
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_____)

ORDER GRANTING MOTION TO ALLOW 2010 CALENDAR
YEAR AS THE TEST YEAR IN LIEU OF MID-YEAR TEST YEAR

By this Order, the commission grants the Motion to Allow 2010 Calendar Year as the Test Year in Lieu of Mid-Year Test Year, filed by KAUAI ISLAND UTILITY COOPERATIVE ("KIUC") on March 4, 2009.¹ As a result, KIUC is authorized to utilize the 2010 calendar test year in its forthcoming application for a general rate increase.

I.

Background

KIUC, as a Hawaii not-for-profit electric cooperative, is the franchised provider of electric utility service on the island of Kauai.

On March 3, 2009, KIUC filed its Notice of Intent, informing the commission of the electric utility's intent to file

¹Motion to Allow 2010 Calendar Year as the Test Year in Lieu of Mid-Year Test Year; Memorandum in Support; and Certificate of Service, filed on March 4, 2009 (collectively, "Motion to Allow 2010 Calendar Year").

an application for a general rate case on or after May 3, 2009.² On March 4, 2009, KIUC filed its Motion to Allow 2010 Calendar Year.³

II.

Discussion

HAR § 6-61-87(4), governing applications for a general rate increase filed by public utilities with annual gross operating revenues of \$2 million or more, provides that the applicant's test year shall be a forward test year, determined as follows:

- (A) If an application is filed within the first six months of any year, the test year shall be from July 1 of the same year through June 30 of the following year; or
- (B) If an application is filed within the last six months of any year, the test year shall be from January 1 through December 31 of the following year[.]

HAR § 6-61-87(4).

Concomitantly, HAR § 6-61-92, governing waivers, states that "[t]he commission may in its discretion modify the requirements of this subchapter, if the requirements of this

²Notice of Intent; and Certificate of Service, filed on March 3, 2009.

³KIUC served copies of both pleadings upon: (1) the DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF CONSUMER ADVOCACY ("Consumer Advocate"), an ex officio party to this proceeding, pursuant to Hawaii Revised Statutes § 269-51 and Hawaii Administrative Rules ("HAR") § 6-61-62(a); and (2) the mayor of the County of Kauai.

subchapter would impose a financial hardship on the applicant or be unjust or unreasonable."⁴

By its motion, KIUC "requests a waiver from the mid-year test year requirement under HAR § 6-61-87(4)(A) [and instead] requests that it be allowed to utilize calendar year 2010 data as its test year in and as part of its Application."⁵ KIUC requests that an expedited order granting its motion be issued forthwith in order to allow the electric utility to file its application requesting a general rate increase as soon as possible, "since the Commission's decision could have a significant and material impact on the content and timing of KIUC's Application filing."⁶

In support of its motion, KIUC states:

1. "Because KIUC maintains its accounting records on a calendar year basis, it would be more efficient for KIUC to prepare the Application and the various supporting testimony and related financial documents using a 2010 calendar year. In contrast, it would be more costly if KIUC were required to prepare the above based on a July 1, 2009 through June 30, 2010 test year."⁷

2. If the motion is granted, KIUC intends to file its application for a general rate increase on or after May 3, 2009.

⁴HAR §§ 6-61-87 and 6-61-92 are codified in HAR chapter 6-61, subchapter 8, governing rate increase applications and tariff changes.

⁵Memorandum in Support of Motion, at 3-4.

⁶Memorandum in Support of Motion, at 4.

⁷Memorandum in Support of Motion, at 2-3.

In this regard, such an application filed "on or shortly after May 3, 2009 is not materially in advance of July 1, 2009, which is the filing date by which the use of 2010 as the test year under HAR § 6-61-87(4)(B) would be required."⁸

3. Under these circumstances, it would be unjust, onerous, and unduly expensive for KIUC to utilize the 2009-2010 mid-year test year data.

4. "The Consumer Advocate has reviewed this request for a waiver of the mid-year test year requirement, and has verbally indicated to KIUC that it does not object to KIUC's request under the circumstances."⁹

Based on KIUC's representations, the commission finds that KIUC's use of a 2009-2010 mid-year test year will likely impose a financial hardship upon the electric utility, or may otherwise be unjust or unreasonable. Accordingly, the commission grants KIUC's motion, pursuant to HAR § 6-61-92, thereby authorizing KIUC to utilize the 2010 calendar test year in its forthcoming application for a general rate increase.

III.

Orders

THE COMMISSION ORDERS:

1. KIUC's Motion to Allow 2010 Calendar Year, filed on May 4, 2009, is approved.


⁸Memorandum in Support of Motion, at 3.


⁹Memorandum in Support of Motion, at 4.

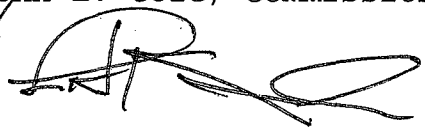
2. KIUC is authorized to utilize the 2010 calendar test year in its forthcoming application for a general rate increase.

DONE at Honolulu, Hawaii MAR 20 2009.


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:


Michael Azama
Commission Counsel

2009-0050.cp

CERTIFICATE OF SERVICE

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

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

RANDALL J. HEE
PRESIDENT AND CHIEF EXECUTIVE OFFICER
KAUAI ISLAND UTILITY COOPERATIVE
4463 Pahe'e Street Suite 1
Lihue, HI 96766-2000

TIMOTHY BLUME
MICHAEL YAMANE
KAUAI ISLAND UTILITY COOPERATIVE
4463 Pahe'e Street Suite 1
Lihue, HI 96766-2000

KENT D. MORIHARA, ESQ.
KRIS N. NAKAGAWA, ESQ.
DANA O. VIOLA, ESQ.
SANDRA L. WILHIDE, ESQ.
MORIHARA LAU & FONG LLP
841 Bishop Street, Suite 400
Honolulu, HI 96813

Outside Regulatory Counsel for KIUC