

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of)  
MAUI ELECTRIC COMPANY, LIMITED )  
For Approval of Rate Increases )  
And Revised Rate Schedules and )  
Rules )

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DOCKET NO. 2009-0066

ORDER DENYING MOTION FOR APPROVAL OF TEST PERIOD WAIVER

RECEIVED

2009 APR 28 A 10:36

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

PUBLIC UTILITIES  
COMMISSION

2009 APR 27 P 12:11

FILED



("Consumer Advocate"),<sup>2</sup> and the HECO Companies<sup>3</sup> in the "Energy Agreement Among the State of Hawaii, Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, and the Hawaiian Electric Companies" dated October 20, 2008; (2) MECO's budgeting, forecasting and financial reporting processes are based on a calendar year; and (3) due in part to decreasing kilowatt-hour sales and increasing rate base and expenses, "under current circumstances, it will be difficult, if not impossible for MECO to earn its allowed rate of return in 2010 without rate relief near the beginning of that year."<sup>4</sup>

MECO additionally represents that the Consumer Advocate does not object to approval of the Motion.

## II.

### Discussion

HAR § 6-61-87(4) states, in relevant part:

For an application by a public utility with annual gross revenues from its public utility business of \$2,000,000 or more for a general rate increase or to alter any classification, contract, practice, or rule as to result in a general rate increase to be considered a completed application under section 269-16, HRS, in addition to meeting the requirements in section 6-61-86, must contain the following:

. . . .

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<sup>2</sup>The Consumer Advocate is an ex officio party to this docket, pursuant to Hawaii Revised Statutes ("HRS") § 269-51 and Hawaii Administrative Rules ("HAR") § 6-61-62.

<sup>3</sup>The HECO Companies are Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc. ("HELCO"), and MECO.

<sup>4</sup>Motion at 5.

(4) A summary of estimated earnings (rate of return summary) on a depreciated rate base for a twelve month period (test year). The adjusted or estimated results shown for the test year shall be on a consistent basis reflecting normalized conditions to the very best estimate possible. The 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[.]

Upon review, the commission finds that the circumstances do not justify granting a waiver of the foregoing test year requirements to MECO. Although the commission has previously approved motions to waive the test period requirements under HAR § 6-61-87(4)(A), the motions were filed prior to the commencement of the requested calendar test period.<sup>5</sup> Here, MECO filed its Notice of Intent and the Motion on March 20, 2009, well into the requested 2009 calendar test year, while stating its intent to file a general rate case application on or after May 29, 2009 (but before June 30, 2009). An application filed between May 29, 2009 and June 30, 2009 would also be well into the 2009 calendar test year, and if filed just one day later,

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<sup>5</sup>See, e.g., Order No. 23188, filed on January 11, 2007, in Docket No. 2006-0387 and Order NO. 22212, filed on January 9, 2006, in Docket No. 05-0315, cited by MECO on page 6 of the Motion.

would fall directly under HAR § 6-61-87(4)(B), requiring a 2010 calendar test year. Based on these circumstances, the requested 2009 calendar test year appears more akin to a historical test year, contravening the commission's rule under HAR § 6-61-87(4) requiring forward test years. Accordingly, the commission denies the Motion.<sup>6</sup>

III.

Order

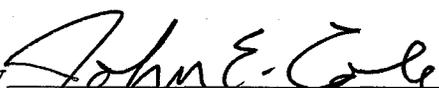
THE COMMISSION ORDERS:

MECO's Motion for Approval of Test Period Waiver, filed on March 20, 2009, is denied.

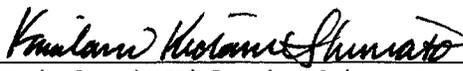
DONE at Honolulu, Hawaii APR 27 2009.

PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By   
Carlito P. Caliboso, Chairman

By   
John E. Cole, Commissioner

APPROVED AS TO FORM:

  
Kaiulani Kidani Shinsato  
Commission Counsel

  
By  
Leslie H. Kondo, Commissioner

2009-0066.laa

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<sup>6</sup>MECO may elect to file its rate case application under HAR §§ 6-61-87(4)(A) or (B) giving MECO either a split-2009 test period, or a 2010 calendar test period.

CERTIFICATE OF SERVICE

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

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