

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 2003 Resource)
 Cost Adjustment (DSM & IRP))
 Surcharge)
 _____)

DOCKET NO. 03-0002

DECISION AND ORDER NO. 20005

Filed Jan. 31, 2003
At 3:15 o'clock P.M.

Karen Higashi
Chief Clerk of the Commission

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

2003 JAN 31 P 4:19

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ATTEST: A True Copy
KAREN HIGASHI
Chief Clerk, Public Utilities
Commission, State of Hawaii.

K. Higashi

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application)
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 KAUAI ISLAND UTILITY COOPERATIVE) Decision and Order No. 20005
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 For Approval of changes to its)
 Tariff to reflect a 2003 Resource)
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 Surcharge)
 _____)

DECISION AND ORDER

I.

On January 2, 2003, KAUAI ISLAND UTILITY COOPERATIVE (KIUC) filed an application requesting commission approval of changes to its tariff to reflect a 2003 Resource Cost Adjustment (DSM & IRP) Surcharge (proposed tariff changes or 2003 Surcharge). KIUC makes its request pursuant to Hawaii Revised Statutes (HRS) § 269-16(b) and Hawaii Administrative Rules (HAR) § 6-61-111. The proposed effective date of the proposed tariff changes is February 1, 2003.

KIUC served copies of the application on the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs (Consumer Advocate). On January 31, 2003, the Consumer Advocate filed its statement of position indicating that it does not object to the commission approving KIUC's request to implement the surcharge, pending review of the actual costs.

II.

KIUC's 2003 DSM budget provides for \$568,163, which includes related revenue taxes less a reconciliation for 2002 over-collection, for Residential DSM Program cost and \$200,439, which includes related revenue taxes less a reconciliation for 2002 over-collection for Commercial DSM Program cost.

In addition, the 2003 Resource Cost Adjustment (DSM & IRP) Surcharge (2003 Surcharge) is also designed to recover the Lost Margin component costs and related revenue taxes by rate classes as follows:

Schedule D:	\$1,217,818	- Residential
Schedule G:	\$114,653	- Commercial
Schedule J:	\$85,640	- Commercial
Schedule L:	\$201,581	- Commercial
Schedule P:	\$570,375	- Commercial

III.

KIUC's 2003 budget is based on KIUC's estimated 2003 IRP and DSM expenses less a reconciliation for its 2002 over-collection of IRP and DSM expenses. Because the current mechanism 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 in a given year, we therefore, conclude that KIUC proposed tariff changes are reasonable and will be effective February 1, 2003. However, the commission reserves the right to review the actual IRP and DSM costs.

IV.


THE COMMISSION ORDERS:

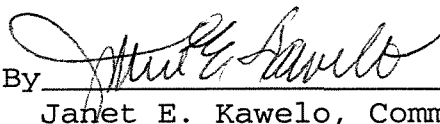
1. KIUC's proposed tariff changes sought by KIUC in the application, filed on January 2, 2003, are approved, to be effective on February 1, 2003 and subject to certain qualifications noted below.

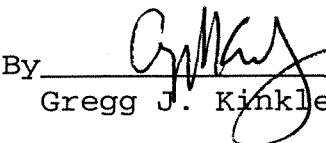
2. By February 3, 2003, KIUC shall file with the commission the appropriate tariff sheets, consistent with the terms of this decision and order.

DONE at Honolulu, Hawaii this 31st day of January, 2003.

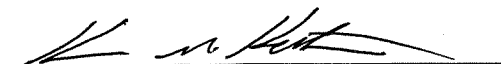
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Wayne H. Kimura, Chairman

By 
Janet E. Kawelo, Commissioner

By 
Gregg J. Kinkley, Commissioner

APPROVED AS TO FORM:



Kevin M. Katsura
Commission Counsel

03-0002.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 20005 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
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Karen Higashi

DATED: January 31, 2003