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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
HAWAII ELECTRIC LIGHT COMPANY, INC.)
For Approval to Sell its Honuapo)
Substation Site to Ka'u Agribusiness)
Co., Inc.)
_____)

DOCKET NO. 03-0247

DECISION AND ORDER NO. 20593

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2003 OCT 23 P 3:33

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

Filed Oct. 23, 2003
At 10:00 o'clock A .M.

Karen Higuel

Chief Clerk of the Commission

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DECISION AND ORDER

I.

Background

HAWAII ELECTRIC LIGHT COMPANY, INC. ("HELCO") seeks the commission's approval to sell its Honuapo Substation site to Ka'u Agribusiness Co., Inc. ("Ka'u Agribusiness").¹ HELCO makes its request in accordance with Hawaii Revised Statutes ("HRS") § 269-19.

HELCO served copies of its application upon the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate"). On October 3, 2003, HELCO responded to the Consumer Advocate's information requests. The Consumer Advocate does not object to the commission's approval of HELCO's application.²

¹HELCO's application, filed on September 3, 2003, as amended.

²Consumer Advocate's position statement, filed on October 14, 2003.

II.

Honuapo Substation Site

HELCO owns in fee simple 18,750 square feet of land, located at Hionaa, Ka'u, island of Hawaii, and identified as Parcel 50 on Tax Map Key No. (3)-9-5-14:050, aka the Honuapo Substation site. In 1972, HELCO acquired Parcel 50 from C. Brewer and Company, Limited ("C. Brewer") to construct the Honuapo Substation. In 1993, HELCO decommissioned the Honuapo Substation "when the new Punalu'u Substation (installed in 1993) picked up the loads previously carried by the Honuapo Substation." Since its decommissioning, HELCO has not utilized the Honuapo Substation site or incurred any related operations or maintenance costs.

Ka'u Agribusiness, a subsidiary of C. Brewer, owns 51.54 acres of land that completely surrounds the Honuapo Substation site. Ka'u Agribusiness proposes to "repurchase" the Honuapo Substation site for \$6,500, its appraised fair market value.³

III.

Discussion

A.

HRS § 269-19 prohibits a public utility from selling its utility property "without first having secured from the public utilities commission an order authorizing it so to do."

³See Ka'u Agribusiness' letter, dated June 5, 2003; and Exhibit III of the application (Appraisal Report, dated April 9, 2003, prepared by Larry M. Komata for HELCO).

HELCO states as follows:

1. The Honuapo Substation site is currently carried in HELCO's rate base at \$2,700 (\$600 purchase price, plus \$2,100 for the surveying costs).⁴
2. The Honuapo Substation site's appraised fair market value is \$6,500. Ka'u Agribusiness has agreed to purchase the site for this amount.
3. It "does not anticipate a need for the Honuapo Substation site for utility purposes in the next ten years and beyond."
4. "The sale of the Honuapo Substation site will not adversely affect HELCO's performance of its duties to the public."
5. It proposes to recognize the net gain in the month of the sale because the gain is an insignificant amount, in comparison with its annual net operating income.

Specifically, HELCO proposes to apply the net gain to "NARUC account 414 ('Gains [Losses] from Disposition of Utility Property') in the month of the sale."

B.

The Consumer Advocate concurs that: (1) HELCO does not need the Honuapo Substation site; and (2) the site's sale will not adversely affect HELCO's ability to provide utility service. The Consumer Advocate also finds reasonable the sales price and proposed accounting treatment of the associated net gain.

C.

The commission finds the sale of the Honuapo Substation site to Ka'u Agribusiness, at the purchase price of \$6,500, reasonable and consistent with the public interest. The commission approves the sale, consistent with HRS § 269-19.

⁴See HELCO's response to CA-IR-4.

IV.

Orders

THE COMMISSION ORDERS:

1. HELCO's sale of its Honuapo Substation site to Ka'u Agribusiness, is approved.


2. HELCO shall record the net gain in the month of the sale, consistent with the terms of this decision and order.

3. HELCO shall promptly notify the commission and Consumer Advocate of the closing of the subject sale, and the net gain realized from the sale.


DONE at Honolulu, Hawaii this 23rd day of October, 2003.


PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
Wayne H. Kimura, Commissioner

APPROVED AS TO FORM:


Michael Azama
Commission Counsel

By 
Janet E. Kawelo, Commissioner

03-0247.sl

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 20593 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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Honolulu, HI 96809

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WILLIAM A. BONNET
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HAWAIIAN ELECTRIC COMPANY, INC.
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Karen Higashi

DATED: October 23, 2003