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 Retired Production System to 'Olelo: The Corporation for Community Television.

DOCKET NO. 04-0050

DECISION AND ORDER NO. 20882

Filed ________, 2004
At 12:00 o'clock ___________.M.

Karen Higash
Chief Clerk of the Commission

ATTEST: A True Copy
KAREN HIGASHI
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DECISION AND ORDER

I.

Introduction

HAWAIIAN ELECTRIC COMPANY, INC. ("HECO") requests the commission's approval to donate a retired linear video production system to 'Olelo: The Corporation for Community Television ("'Olelo"). HECO makes its request for commission approval pursuant to Condition No. 13 (fka Condition No. 14), set forth in Decision and Order No. 7153, filed on July 19, 1982, in Docket No. 4337.¹²

¹HECO's application, filed on March 3, 2004.

²In Docket No. 4337, In re Hawaiian Elec. Co., Inc., and Hawaiian Elec. Indus., Inc., the commission: (1) approved the merger of Hawaiian Electric Industries ("HEI"), Inc., into HECO, with HECO as the surviving corporation; and (2) authorized HEI, Inc. to own all of HECO's issued and outstanding common stock.

As part of its approval and authorization, the commission imposed certain conditions, set forth in a document entitled "Conditions for the Merger and Corporate Restructuring of Hawaiian Electric Company, Inc." See Decision and Order No. 7070, filed on April 19, 1982; Decision and Order No. 7153, filed on July 19, 1982; Decision and Order No. 7203, filed on August 19, 1982; and Order No. 7256, filed on September 29, 1982.
Condition No. 13 specifies:

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 Commission. The determination of the transfer value and the accounting and rate-making treatment thereof shall be determined by the Commission at the time of approval of such transfer.³

HECO served copies of its application upon the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate"). The Consumer Advocate does not object to the commission's approval of HECO's request to donate the retired linear video production system to 'Olelo, or to HECO's accounting and ratemaking treatment of the retired system's net book value."⁴

II.

Background/Discussion

'Olelo is a non-profit Hawaii corporation that provides "individuals and community groups free access to video production equipment, studio space, edit facilities and air time to enable individuals and community groups the ability to produce and transmit non-commercial messages via television to the public."

HECO purchased its linear video production system in 1991 for $78,428. The system consists of a mainframe computer, video switcher control panel, audio mixer control panel, keyboard

³"Utility Corporation" refers to HECO, while "Industries" refers to HEI, Inc.

for the main computer, ten (10) custom computer boards, and
cables to connect the various components to the mainframe.

In 1998, HECO purchased a non-linear video editing
system to replace its linear video production system. In 1999,
HECO retired its linear video production system. The system's
net book value at the time of its retirement was $22,780.

HECO states that donating the linear video production
system to 'Olelo is consistent with the public interest.
Specifically:

1. Its linear video production system "began to have
problems and the cost to repair and maintain the obsolete system
was not cost-effective."

2. Its non-linear video editing system: (A) increases
reliability and productivity in its video production work; and
(B) is an industry standard non-linear editing system.

3. Its retired linear video production system is no
longer used or useful for the provision of electric utility
service.

4. The components from HECO's retired linear video
production system are interchangeable with 'Olelo's equipment.
'Olelo intends to use the components to repair its broken units.

5. If the retired linear video production system is
not donated, HECO will discard the equipment. In addition, HECO
will "incur additional administrative and disposal costs if the
retired equipment is junked, rather than donated to 'Olelo."
HECO also explains that:

1. The accounting entries for the retired, donated system, based on its original cost, are: (A) a debit to Account 108, Accumulated Provision for Depreciation of Utility Plant in Service; and (B) a credit to Account 391, Office Furniture and Equipment.

2. The ratemaking treatment of the donated system is similar to its accounting treatment. No gain or loss is recognized.

3. The donated system is not recognized as a charitable contribution for accounting, ratemaking, or tax purposes.

Based on HECO's representations, the Consumer Advocate states that "although the donated equipment has a net book value of $22,780, there is no transfer value under HECO's proposal." In addition, "the net book value is insignificant compared to HECO's total plant in service balance and is thus expected to have a negligible impact on HECO's revenue requirements and the resulting rates charged for electric service."

The commission approves: (1) HECO's request to donate its retired linear video production system to 'Olelo; and (2) HECO's accounting and ratemaking treatment of the retired system's net book value.
III.

Orders

THE COMMISSION ORDERS:

1. HECO's request to donate its retired linear video production system to 'Olelo is approved.

2. HECO's accounting and ratemaking treatment of the retired linear video production system's net book value is approved, consistent with Condition No. 13 of Decision and Order No. 7153, filed on July 19, 1982, in Docket No. 4337.

3. This docket is closed.

DONE at Honolulu, Hawaii this 31st day of March, 2004.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By

Carlito P. Caliboso, Chairman

Wayne H. Kimura, Commissioner

Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:

Michael Azama
Commission Counsel
CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 20882 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
P. O. Box 541
Honolulu, HI 96809

WILLIAM A. BONNET
VICE PRESIDENT
GOVERNMENT AND COMMUNITY AFFAIRS
HAWAIIAN ELECTRIC COMPANY, INC.
P. O. Box 2750
Honolulu, HI 96840

PATSY H. NANBU
DIRECTOR, REGULATORY AFFAIRS
HAWAIIAN ELECTRIC COMPANY, INC.
P. O. Box 2750
Honolulu, HI 96840

DATED: March 31, 2004

Karen Higashi