BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of

KAUAI ISLAND UTILITY COOPERATIVE

For approval to commit funds in Excess of $500,000 for the Port Allen steam plant automation Project.

ORDER NO. 20916

Filed April 21, 2004
At 8:00 o'clock A.M.

KAREN HIGSTEDT
Chief Clerk of the Commission
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
KAUAI ISLAND UTILITY COOPERATIVE )
For approval to commit funds in )
Excess of $500,000 for the Port )
Allen steam plant automation )
Project. )
)

Docket No. 04-0041
Order No. 20916

ORDER

I.

Introduction

On February 20, 2004, KAUAI ISLAND UTILITY COOPERATIVE ("KIUC"), filed an application for approval to commit funds in excess of $500,000 for the Port Allen steam plant automation project. Applicant seeks approval pursuant to General Order ("G.O.") No. 7, Standards for Electric Utility Service in the State of Hawaii, to commit funds for and to commence construction that is expected to cost in excess of $500,000.

KIUC, by its application and pursuant to 1.2.b, of G.O. No. 7, seeks a waiver of the Section 2.3.g.2 requirement that its application "be submitted to the commission for review at least 60 days prior to the commencement of construction or commitment for expenditure, whichever is earlier," if the application is not approved prior to the expiration of the 60-day period.

KIUC served copies of the application on the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs ("Consumer Advocate"). On April 19, 2004, KIUC and the Consumer
Advocate (collectively, "Parties") filed a Proposed Stipulated Order, attached hereto as Exhibit 1 to this order. Upon review, the commission concludes that the Parties' Proposed Stipulated Order should be approved and made part of this order, subject to a modification, noted below.

II.

Modification to Proposed Stipulated Order

Paragraph 8, which states, "NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, that the Commission grant an order allowing KIUC to immediately commit funds for and begin its Port Allen steam plant automation project pending the Commission's determination as to whether said project is necessary or useful for public utility purposes in accordance with Section 2.3.g.2." shall be deleted and replaced to read as follows:

"NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, that KIUC's request for a waiver of the Section 2.3.g.2 requirement to file its application at least sixty (60) days prior to the commencement of construction or commitment for expenditures of funds, filed on February 20, 2004, is approved."

III.

Order

THE COMMISSION ORDERS that the Parties' Proposed Stipulated Order attached hereto as Exhibit 1 is approved and shall be made part of this order, subject to the modification, noted above.
DONE at Honolulu, Hawaii this 21st day of April, 2004.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By Carlito P. Caliboso, Chairman

By (EXCUSED)
Wayne H. Kimura, Commissioner

By
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:

Kevin M. Katsura
Commission Counsel

04-0041.cs
BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF HAWAI'I

In the Matter of the Application of KAUAI ISLAND UTILITY COOPERATIVE

For approval to commit funds in excess of $500,000 for the Port Allen steam plant automation project

STIPULATED ORDER NO.

and

CERTIFICATE OF SERVICE

Filed ________________, 2004

At ________________ o'clock ____.m.

__________________________
Chief Clerk of the Commission
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAI'I

In the Matter of the Application

of

KAUAI ISLAND UTILITY COOPERATIVE

For approval to commit funds in excess of
$500,000 for the Port Allen steam plant
automation project

Docket No. _________________

STIPULATION FOR ORDER

WHEREAS, pursuant to Section 2.3.g.2 of the Commission's General Order No. 7, Standards for Electric Utility Service in the State of Hawaii ("Section 2.3.g.2") KAUAI ISLAND UTILITY COOPERATIVE ("KIUC") files with the Public Utilities Commission of the State of Hawaii ("Commission") applications to include in its rate base capital expenditures for projects in excess of $500,000;

WHEREAS, Section 2.3.g.2 states, among other things, that the proposed capital expenditures "shall be submitted to the Commission for review at least 60 days prior to the commencement of construction or commitment for expenditure, whichever is earlier;"

WHEREAS, pursuant to KIUC's February 20, 2004 Application ("Application"), KIUC requested that the Commission, before the expiration of 60 days from the date of the Application, (1) issue an order granting KIUC's request to commit funds and commence construction of its proposed Port Allen steam plant automation project as more particularly described in the Application, or (2) in the alternative, issue an order granting KIUC's waiver request to commit funds for and begin its Port Allen Steam steam plant automation project immediately without the Commission's approval;
WHEREAS, the Division of Consumer Advocacy ("Consumer Advocate") is an ex-officio party to any proceeding before the Commission pursuant to HAR § 6-61-62;

WHEREAS, in accordance with KIUC’s requests set forth above, KIUC and the Consumer Advocate hereby agree that KIUC should be allowed to commit funds for and begin its Port Allen steam plant automation project immediately pending the Commission’s determination as to whether said project is necessary or useful for public utility purposes in accordance with Section 2.3.g.2;

WHEREAS, the Consumer Advocate reserves the right to state its position on the merits of the Application after it has completed its review of the Application;

WHEREAS, KIUC acknowledges that if the Commission does not approve the Application, KIUC will have the burden of proof to justify the reasonableness of the capital expenditures in its next rate case.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, that the Commission grant an order allowing KIUC to immediately commit funds for and begin its Port Allen steam plant automation project pending the Commission’s determination as to whether said project is necessary or useful for public utility purposes in accordance with Section 2.3.g.2.


ALAN M. OSHIMA
KENT D. MORIHARA
Attorneys for Kauai Island Utility Cooperative

CHERYL S. KIKUTA
Acting Executive Director
Department of Commerce and Consumer Affairs
APPROVED AND SO ORDERED THIS _____________________, 2004,
at Honolulu, Hawaii.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By____________________________
Carlito P. Caliboso, Chairman

By_________________________
Wayne H. Kimura, Commissioner

By_______________________
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:

__________________________________________
Kevin Katsura
Chief Legal Counsel
CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing STIPULATED ORDER NO. ______________, upon the following party(s), by causing a copy hereof to be mailed, postage prepaid and properly addressed.

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

JOSEPH MCCAWLEY
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GARY W. PEERS
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ALTON MIYAMOTO
President and Chief Executive Officer
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ALAN M. OSHIMA, ESQ.
KENT D. MORIHARA, ESQ.
OSHIMA CHUN FONG & CHUNG LLP
841 Bishop Street, Suite 400
Honolulu, Hawaii 96813

_____________________________________________________
Karen Higashi, Chief Clerk

DATED: ____________________________
CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 20916 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

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ALTON MIYAMOTO
PRESIDENT AND CHIEF EXECUTIVE OFFICER
KAUAI ISLAND UTILITY COOPERATIVE
4463 Pahe‘e Street
Lihue, HI 96766-2032

DATED: April 21, 2004