

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 2006 Resource)
Cost Adjustment (DSM & IRP))
Surcharge.)
_____)

DOCKET NO. 05-0328

DECISION AND ORDER NO. 22253

RECEIVED
2006 FEB -2 A 8:27
DIV. OF CONSUMER ADVOCACY
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
STATE OF HAWAII

Filed Jan. 31, 2006
At 11 o'clock A.M.

Karen Higashi
Chief Clerk of the Commission

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 of)
KAUAI ISLAND UTILITY COOPERATIVE)
For Approval of Changes to Its)
Tariff to Reflect a 2006 Resource)
Cost Adjustment (DSM & IRP))
Surcharge.)
_____)

Docket No. 05-0328

Decision and Order No. 22253

DECISION AND ORDER

By this Decision and Order, the commission approves KAUAI ISLAND UTILITY COOPERATIVE's ("KIUC") request to approve changes to its tariff to reflect a 2006 Resource Cost Adjustment (Demand Side Management ("DSM") & Integrated Resource Plan ("IRP")) Surcharge, effective February 1, 2006.

I.

Background

KIUC is a Hawaii non-profit cooperative association organized under the laws of the State of Hawaii with its principal place of business in Lihue, Kauai, Hawaii. An operating public utility, KIUC is engaged in the production, transmission, distribution, purchase, and sale of electric energy on the island of Kauai.

A.

Proposed Tariff Changes

On December 29, 2005, KIUC filed an application requesting commission approval of changes to its tariff to

reflect a 2006 Resource Cost Adjustment (DSM & IRP) Surcharge ("2006 Surcharge") pursuant to HRS § 269-16(b) and HAR § 6-61-111 ("Application").¹ The 2006 Surcharge is designed to allow KIUC to recover KIUC's estimated 2006 IRP and DSM program costs less a reconciliation for its 2005 over-collection of IRP and DSM expenses. KIUC's 2006 IRP budget and estimate for its total 2006 IRP costs is \$264,521, which includes revenue taxes less reconciliation for over-collection in 2005.² KIUC's 2006 DSM budget provides for \$16,048, which includes related revenue taxes less a reconciliation for over-collection in 2005, for Residential DSM Program costs; and \$308,540, which includes related revenue taxes less a reconciliation for over-collection in 2005, for Commercial DSM Program costs.³ KIUC requests that the 2006 Surcharge be effective as of February 1, 2006.⁴

B.

Consumer Advocate's Position

On January 18, 2006, the Consumer Advocate filed its Statement of Position informing the commission that it does not object to approval of KIUC's tariff changes to implement the 2006

¹KIUC served copies of the Application on the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate"), an *ex officio* party to this docket pursuant to Hawaii Revised Statutes ("HRS") § 269-51 and Hawaii Administrative Rules ("HAR") § 6-61-62.

²See Application at Exhibit A.

³See Application at Exhibit B.

⁴To satisfy the requirements of HAR § 6-61-75, KIUC, pursuant to HAR § 6-61-76, incorporates by reference its latest available balance sheet and income statement for the twelve (12) months ending November 30, 2005, which were submitted to the commission and the Consumer Advocate on December 21, 2005.

Surcharge, as proposed in its Application ("CA Statement of Position"). Notably, the Consumer Advocate "recommends that the [c]ommission authorize KIUC to implement the proposed 2006 [S]urcharge at this time."⁵ The Consumer Advocate, however, reserved the right to issue information requests to address certain questions that may later arise.

II.

Discussion

HRS § 269-16(b) states, in relevant part:

No rate, fare, charge, classification, schedule, rule, or practice, other than one established pursuant to an automatic rate adjustment clause previously approved by the commission, shall be established, abandoned, modified, or departed from by any public utility, except after thirty days' notice as prescribed in section 269-12(b) to the commission and prior approval by the commission for any increases in rates, fares, or charges. The commission may, in its discretion and for good cause shown, allow any rate, fare, charge, classification, schedule, rule, or practice to be established, abandoned, modified, or departed from upon notice less than that provided for in section 269-12(b). . . .

HRS § 269-16(b) (emphasis added).

HAR § 6-61-111 states:

Except for tariff filings of water carriers and motor carriers that are governed by sections 6-61-93 and 6-61-94, any public utility tariff additions or changes, other than tariff additions or changes which result in an increase in rates, fares, or charges or changes in any classifications, practices, or rules which would result in an increase in rates, fares, or charges, may be filed with the commission to become effective not less than thirty days after filing.

⁵See CA Statement of Position at 3.

The tariff page or pages to be added or changed shall be filed with the commission, together with a transmittal letter. The transmittal letter shall set forth the applicable information specified in section 6-61-74 and section 6-61-86, together with the latest available balance sheet and income statement, the justification for the proposed additions or changes, and the proposed effective date thereof. The transmittal letter shall have attached to it a certificate of service showing service on the consumer advocate at the time of filing. Two copies of the tariff page or pages, together with the transmittal letter, shall be served on the consumer advocate. The additions or changes to the tariff, unless suspended by the commission, shall become effective thirty days after filing with the commission in compliance with this section or at a later date as may be specified in the transmittal letter. Tariff filings not in compliance with this section will be rejected.

HAR § 6-61-111.

Here, KIUC's proposed tariff changes appear consistent with requirements regarding the recovery of IRP and DSM costs.⁶ The mechanism employed by KIUC to recover its 2006 DSM & IRP costs in this application is similar to the mechanisms approved in Docket Nos. 03-0002, 03-0422, and 04-0368 (previous DSM & IRP cost recovery applications filed by KIUC). Moreover, the commission recognizes that the mechanism employed 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 for the given period. Accordingly, the commission finds that KIUC's tariff changes proposed in its Application are reasonable and appropriate.

⁶See In re Public Utilities Commission, Docket No. 6617, Decision and Order No. 11523, filed on March 12, 1992; In re Kauai Electric Division of Citizens Utilities Company, Docket No. 94-0337, Decision and Order No. 15733, filed on August 5, 1997.

Based on the foregoing, the commission concludes that KIUC's proposed tariff changes reflecting its 2006 Surcharge as set forth in its Application, filed on December 29, 2005, should be approved, as requested.

III.

Orders

THE COMMISSION ORDERS:

1. KIUC's proposed tariff changes reflecting its 2006 Resource Cost Adjustment (DSM & IRP) Surcharge are approved, effective February 1, 2006.

2. Within five (5) days of the date of this Decision and Order, KIUC shall file with the commission and serve on the Consumer Advocate, revised tariff sheets consistent with the terms of this Decision and Order, and reflecting appropriate issued and effective dates.

DONE at Honolulu, Hawaii JAN 31 2006.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By *Carlito P. Caliboso*
Carlito P. Caliboso, Chairman

By (EXCUSED)
Wayne H. Kimura, Commissioner

APPROVED AS TO FORM:

By *Janet E. Kawelo*
Janet E. Kawelo, Commissioner

Ji Sook Kim
Ji Sook Kim
Commission Counsel

05-0328.EH

CERTIFICATE OF SERVICE

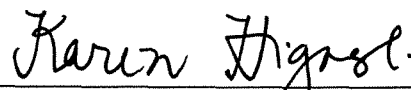
I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 22253 upon the following Petitioners, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

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

DUTCH ACHENBACH
PRESIDENT & CHIEF EXECUTIVE OFFICER
KAUAI ISLAND UTILITY COOPERATIVE
4463 Pahe'e Street
Lihue, HI 96766-2032

KENT D. MORIHARA, ESQ.
MICHAEL H. LAU, ESQ.
MORIHARA LAU & FONG, LLP
841 Bishop Street, Suite 400
Honolulu, HI 96813

JOSEPH McCAWLEY
MANAGER - REGULATORY & LEGISLATIVE AFFAIRS
KAUAI ISLAND UTILITY COOPERATIVE
4463 Pahe'e Street
Lihue, HI 96766-2032



Karen Higashi

DATED: JAN 31 2006