

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of )  
HAWAIIAN ELECTRIC COMPANY, INC. )  
For Approval of a Waiver of Rule 13 )  
Of HECO's Tariff to Allow HECO to )  
Pay for a Portion of the )  
Underground Conversion Cost for )  
Item P0001081, Auahi Street )  
12kV OH to UG Conversion - Kamakee )  
Street to Queen Street. )

DOCKET NO. 05-0276

ORDER NO. 22858

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

2006 SEP 18 A 9:34

RECEIVED

Filed Sept. 15, 2006  
At 12 o'clock P .M.

Karen Higashi  
Chief Clerk of the Commission

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

K. Higashi

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Docket No. 05-0276

Order No. 22858

ORDER

By this Order, the commission grants HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO") Motion for Clarification of Decision and Order No. 22565 ("Motion for Clarification") and amends ordering paragraph no. 1 of Decision and Order No. 22565, filed on June 27, 2006 ("Decision and Order No. 22565"), as set forth in this Order.

I.

Motion for Clarification

On November 2, 2005, HECO<sup>1</sup> filed an application for a waiver of Rule 13 of its tariff to allow HECO to contribute approximately \$77,884 (net) for the underground conversion of its

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<sup>1</sup>HECO is a Hawaii corporation and a public utility as defined by Hawaii Revised Statutes ("HRS") § 269-1. It is engaged in the production, purchase, transmission, distribution, and sale of electricity on the island of Oahu in the State of Hawaii.

11.5kV lines for the Auahi Street overhead to underground conversion project ("Conversion Project") ("Application").<sup>2</sup>

By Decision and Order No. 22565, the commission approved the Application; but stated in ordering paragraph no. 1 that approval was granted "provided that no part of the cost of the project may be included in HECO's rate base unless and until the commission approves the inclusion in HECO's next rate case proceeding."<sup>3</sup>

On July 31, 2006,<sup>4</sup> HECO filed its Motion for Clarification<sup>5</sup> in which it requests clarification of ordering paragraph no. 1 of Decision and Order No. 22565 "to make it clear that the [c]ommission is not excluding the costs of the Auahi Street Conversion Project (or, more correctly, HECO's share of the project costs) from rate base for accounting purposes."<sup>6</sup>

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<sup>2</sup>HECO filed its Application, a project-specific waiver of Rule 13, pursuant to HECO's Tariff Sheet No. 1, and its understanding of Decision and Order No. 20473, filed on October 1, 2003, in Docket No. 03-0036. HECO served copies of the Application on the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, an *ex officio* party to this docket, pursuant to HRS § 269-51 and Hawaii Administrative Rules ("HAR") § 6-61-62. No persons moved to intervene or participate in this proceeding.

<sup>3</sup>See Decision and Order No. 22565 at 10.

<sup>4</sup>By letter dated and filed on July 10, 2006, HECO timely requested an extension of time until July 31, 2006, to file its Motion for Clarification ("July 10, 2006 Letter"). The commission deemed HECO's July 10, 2006 Letter as a motion for an extension of time, and pursuant to HAR §§ 6-61-23 and 6-61-41, approved HECO's extension request (from July 10, 2006 until July 31, 2006).

<sup>5</sup>HECO filed its Motion for Clarification under HAR §§ 6-61-41 and 6-61-137. HECO does not request a hearing on its motion. See Motion for Clarification at 12.

<sup>6</sup>See Motion for Clarification at 3.

Among other things, HECO represents that the current language of the decision indicates that HECO cannot include the project costs in its rate base, which implies that HECO must accumulate costs for the project in separate accounts until its next rate case proceeding. HECO contends that this requirement of maintaining separate accounts "could imply that the costs have been disallowed, which is not the case."<sup>7</sup> If that were the case, the costs associated with the project would have to be immediately written-off.

To correct these implications and for consistency with prior commission orders regarding other underground conversion projects,<sup>8</sup> HECO recommends that the "proviso" language of ordering paragraph no. 1 of Decision and Order No. 22565 be amended to state that no part of the costs "may be recovered from ratepayers" (as opposed to, "may be included in rate base") "unless and until the [c]ommission grants HECO recovery in a general rate increase proceeding."<sup>9</sup>

Having reviewed HECO's Motion for Clarification, the commission finds that a clarification of ordering paragraph no. 1 of Decision and Order No. 22565 is warranted. The commission's intent, in Decision and Order No. 22565, was not to disallow (or, to imply the disallowance of) HECO's contribution for the Conversion Project, as evidenced by the approval of HECO's

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<sup>7</sup>Id. at 11.

<sup>8</sup>See, e.g., In re Hawaiian Electric Company, Inc., Docket No. 03-0036, Order No. 21463, filed on November 17, 2004.

<sup>9</sup>See Motion for Clarification at 3.

request to commit funds for the Conversion Project. Rather, the commission's intent was to limit the recovery of those costs from HECO's ratepayers, unless and until approval of such recovery is granted by the commission in HECO's next general rate increase proceeding. Accordingly, the commission finds it reasonable to grant HECO's Motion for Clarification and amend ordering paragraph no. 1 to read as follows:

HECO's request for a waiver of its tariff Rule 13 to allow HECO to pay a net amount of approximately \$77,884 for the underground conversion cost of Item P0001081, Auahi Street 12kV Overhead to Underground Conversion Project (from Kamakee Street to Queen Street), is approved; provided that no part of the project may be recovered from HECO's ratepayers unless and until approval for such recovery is granted by the commission in HECO's next general rate increase proceeding.

Based on the foregoing, the commission concludes that HECO's Motion for Clarification should be granted and ordering paragraph no. 1 of Decision and Order No. 22565 should be amended as specified above.

## II.

### Orders

#### THE COMMISSION ORDERS:

1. HECO's Motion for Clarification, filed on July 31, 2006, is granted and ordering paragraph no. 1 of Decision and Order No. 22565 is amended to read as follows:

HECO's request for a waiver of its tariff Rule 13 to allow HECO to pay a net amount of approximately \$77,884 for the underground conversion cost of Item P0001081, Auahi Street 12kV Overhead to Underground Conversion Project (from Kamakee Street to Queen Street), is approved; provided that no part of the project may be recovered from

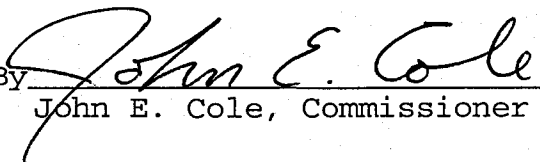
HECO's ratepayers unless and until approval for such recovery is granted by the commission in HECO's next general rate increase proceeding.

2. In all other respects, Decision and Order No. 22565 remains unchanged.

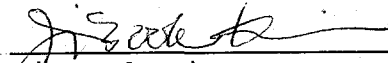
DONE at Honolulu, Hawaii SEP 15 2006.

PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By   
Carlito P. Caliboso, Chairman

By   
John E. Cole, Commissioner

APPROVED AS TO FORM:

  
Ji Sook Kim  
Commission Counsel

05-0276.cs

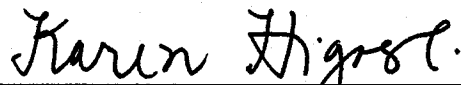
CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 22858 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  
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REGULATORY AFFAIRS  
HAWAIIAN ELECTRIC COMPANY, INC.  
P.O. Box 2750  
Honolulu, HI 96840-0001

  
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Karen Higashi

DATED: SEP 15 2006