In the Matter of the Application of

HAWAIIAN ELECTRIC COMPANY, INC.
HAWAII ELECTRIC LIGHT COMPANY, INC.
MAUI ELECTRIC COMPANY, LIMITED

For Approval to Record a Regulatory Asset for Any Pension Liability Which Would Otherwise Be Charged to Accumulated Other Comprehensive Income.

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF HAWAII

ORDER NO. 22883

DOCKET NO. 05-0310

Filed Sept. 21, 2006
At 2 o'clock p.m.

Karen Higashii
Chief Clerk of the Commission
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of

HAWAIIAN ELECTRIC COMPANY, INC.)
HAWAII ELECTRIC LIGHT COMPANY, INC.)
MAUI ELECTRIC COMPANY, LIMITED )

For Approval to Record a Regulatory)Asset for Any Pension Liability )Which Would Otherwise Be Charged )to Accumulated Other Comprehensive )Income.

ORDER

By this Order, the commission grants the request of the
THE DEPARTMENT OF THE NAVY, ON BEHALF OF THE DEPARTMENT OF DEFENSE ("DoD") to intervene in the instant proceeding.

I.

Background

By an application filed on December 8, 2005,¹ HAWAIIAN ELECTRIC COMPANY, INC. ("HECO"), HAWAII ELECTRIC LIGHT COMPANY, INC., and MAUI ELECTRIC COMPANY, LTD. (collectively, the "HECO Utilities") request commission approval to: (1) allow each company to record as a regulatory asset pursuant to the Statement of Financial Accounting Standards ("SFAS") No. 71 "Accounting for the Effects of Certain Regulations," the amount that would otherwise be charged to equity as required under

¹Application, Exhibits 1-4, and Certificate of Service, filed on December 8, 2005 ("Application").
SFAS No. 87, “Employer’s Accounting for Pensions” as a result of recording a minimum pension liability; (2) allow each company to continue to maintain in subsequent years, a regulatory asset, for any pension liability that would otherwise be charged to equity; and (3) allow each company to continue to recover its annual cost of providing pension benefits to its employees, as actuarially calculated under the provisions of SFAS No. 87. The HECO Utilities file their Application in accordance with Hawaii Administrative Rules ("HAR") § 6-61-74, Hawaii Revised Statutes ("HRS") § 269-6, and other applicable requirements.²

On December 27, 2005, DoD filed a motion to intervene in this proceeding.³ DoD maintains numerous military installations within the State of Hawaii that obtain and use electric services from HECO and HELCO. It asserts that it is one of the largest purchasers of electric services in the State of Hawaii, has been a party in other dockets that dealt “at least in part with accounting treatment of pension plans by electric utilities[,]” and has a “crucial and strategic interest in securing electricity at the lowest but fair cost.”⁴

²The HECO Utilities served copies of the Application on the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate"). Pursuant to HRS § 269-51 and HAR § 6-61-62, the Consumer Advocate is an ex officio party to this proceeding.

³[DoD’s] Motion to Intervene and Become a Party and Certificate of Service, filed on December 27, 2005 ("Motion to Intervene").

⁴Id. at 1-2.
II.

Discussion

A.

Motion to Intervene

It is well established that intervention as a party in a commission proceeding "is not a matter of right but is a matter resting within the sound discretion of the commission." See In re Application of Hawaiian Elec. Co., 56 Haw. 260, 262, 535 P.2d 1102, 1104 (1975). HAR § 6-61-55, which governs intervention in our proceedings, among other things, requires the movant to state the facts and reasons for the proposed intervention, and its position and interest thereto. Furthermore, HAR § 6-61-55(d) states that "[i]ntervention shall not be granted except on allegations which are reasonably pertinent to and do not unreasonably broaden the issues already presented."

By its Motion to Intervene, DoD asserts that the "nature of the matters which are the subject of this docket could have a substantial impact on [DoD]." While DoD concedes that it is "not unlikely that [its] positions may be different from those advocated by HECO, HELCO, MECO, the Consumer Advocate, or any other party to the proceeding," it notes that its participation in HECO's most recent rate case docket — Docket No. 04-0113 — is demonstrative of its

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5Motion to Intervene at 2.

6Id.
familiarity with the "accounting treatment of pension plans by electric utilities."  

The HECO Utilities oppose the Motion to Intervene on the grounds that any general interest that DoD may have about the recording of a regulatory asset for any pension liability that would be charged to Accumulated Other Comprehensive Income can be adequately represented by the Consumer Advocate, and DoD has not demonstrated that its participation as a party would contribute to the development of a sound record in this proceeding. 

The commission disagrees with the HECO Utilities' conclusions in this particular instance. To the contrary, DoD's filings relating to this issue in Docket No. 04-0113 were useful and informative. Moreover, its familiarity with the issues in HECO's rate case docket will likely provide DoD with an ability to assist in assessing the reasonableness of the HECO Utilities' requests.

Based on the foregoing, the commission finds that the DoD has substantial interests that are reasonably pertinent to the matters raised in this docket and that its participation will not broaden the issues or unduly delay the proceedings.

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7Motion to Intervene at 2.

8Memorandum in Opposition to the Motion to Intervene of the [DoD] and Certificate of Service, filed on January 6, 2006, at 1.
Accordingly, the commission concludes that the DoD's Motion to Intervene should be granted.⁹

Nonetheless, DOD is cautioned that the commission will preclude any effort by DOD to unreasonably broaden the issues, or unduly delay the proceeding, and will reconsider its intervention in this docket if, at any time, during the course of this proceeding, the commission determines that DOD is unreasonably broadening the pertinent issues raised in this docket or is unduly delaying the proceeding.

B.

Regulatory Schedule

To assist in the efficient disposition of the instant proceeding, the commission finds it necessary to establish issues, procedures, and a schedule. Thus, the commission concludes that the HECO Utilities, the Consumer Advocate, and DoD should submit to the commission a stipulated procedural order, incorporating their agreed-upon issues, procedures, and schedule with respect to this proceeding, for commission approval within thirty days from the filing of this Order. If the parties are unable to stipulate to such order, each party shall submit a proposed procedural order for the commission's consideration within thirty days from the date of this Order.

⁹Motions that do not involve the final determination of a proceeding may be determined by the chairperson or a commissioner. See HAR § 6-61-41(e).
III.

Orders

THE COMMISSION ORDERS:

1. DoD's Motion to Intervene, filed on December 27, 2005, is granted.

2. The HECO Utilities, the Consumer Advocate, and DoD shall submit to the commission a stipulated procedural order, incorporating their agreed-upon issues, procedures, and schedule with respect to this proceeding, for commission approval within thirty days from the filing of this Order. If the parties are unable to stipulate to such order, each party shall submit a proposed procedural order for the commission's consideration within thirty days from the date of this Order.

DONE at Honolulu, Hawaii SEP 21 2006

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By Carlito P. Caliboso, Chairman

(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 Order No. 22883 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

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Dated: SEP 21 2006

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[Signature]