

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 P0001686, Kapolei IC, Ph1 -)
12kV OH Conv Project.)

DOCKET NO. 2009-0014

DECISION AND ORDER

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2009 MAY 19 A 9:21

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

2009 MAY 18 P 12:48
PUBLIC UTILITIES
COMMISSION

FILED

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By this Decision and Order, the commission approves HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO")¹ request for a waiver of Rule 13 of its tariff ("Rule 13") to allow HECO to contribute approximately \$81,707 to convert existing 12kV overhead lines to 12kV underground lines for Item P0001686, Kapolei Interexchange ("IC"), Phase 1 ("Ph1") - 12kV Overhead ("OH") Conversion ("Conv") project (the "Project").

¹HECO is a Hawaii corporation and a public utility as defined by Hawaii Revised Statutes ("HRS") § 269-1. HECO was initially organized under the laws of the Kingdom of Hawaii on or about October 13, 1891. HECO is engaged in the production, purchase, transmission, distribution, and sale of electricity on the island of Oahu in the State of Hawaii.

I.

Background

A.

Application

On January 20, 2009, HECO filed an application requesting commission approval for a waiver of Rule 13 to allow HECO to contribute approximately \$81,707 for the Project ("Application").² HECO filed its request pursuant to HECO's tariff Sheet No. 1,³ and Decision and Order No. 20473, filed on October 1, 2003, in Docket No. 03-0036.

1.

Project Description

Initiated at the request of the State Department of Transportation ("DOT"), the Project involves the conversion of existing 12kV overhead lines to 12kV underground lines as part of the plans to construct a new interchange with on and off ramps to enter and exit the H1 Freeway, from Farrington Highway and Wakea Street near Kapolei.

²HECO 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 HRS § 269-51 and Hawaii Administrative Rules ("HAR") § 6-61-62. No persons moved to intervene or participate in this proceeding.

³HECO's tariff Sheet No. 1 states, in relevant part: "[t]he rules and rate schedules set forth herein have been fixed by order of the Public Utilities Commission of the State of Hawaii and may not be abandoned, changed, modified or departed from without the prior approval of the Commission."

According to HECO, the Project is one of two subprojects which were initiated at the DOT's request.⁴ The Project will require the installation of underground infrastructure (i.e., ductlines and handholes), riser poles, and underground cables, which will follow approximately the same alignment as the existing overhead infrastructure. The underground work will consist of the installation of one 4' x 6' handhole, approximately 428 feet of 2-5 inch ducts, approximately 990 circuit feet of 3-1/c 1000 KCM PEICN aluminum 15kV cables, and one three-phase 12kV riser.⁵

HECO plans on removing the existing overhead lines along Farrington Highway between poles P107 and P106. HECO anticipates that no customer outages will be required for the Project. HECO expects to begin construction in September 2009 and complete the project by December 2009, although the timing of the construction schedule depends on the DOT's construction schedule.⁶

⁴The second subproject is the Kapolei IC, PH1 - 12kV OH & Underground project which consists of one-for-one overhead to overhead and underground to underground relocation work. See Application, at 3.

⁵Application, at 2-3.

⁶Application, at 3-4.

Cost Allocation

HECO proposes to share the cost of the Project, which is estimated at \$242,479⁷ (excluding change-over and removal costs), with the DOT and the Federal government. DOT and the Federal government will provide cash contributions-in-aid-of-construction ("CIAC") estimated at \$3,140 and an in-kind CIAC estimated at \$157,632 (excluding contributions for change-over and removal costs). HECO will expend approximately \$81,707.⁸

B.

Consumer Advocate's Statement of Position

On April 14, 2009, the Consumer Advocate filed its Statement of Position ("Consumer Advocate SOP"), informing the commission that it does not object to approval of the Application. The Consumer Advocate states:

HECO is proposing to convert the existing overhead 12kV lines between poles[] P106 and P107, to underground facilities as requested by the DOT because there is no feasible location to relocate pole P107 due to limited access issues once the new interchange is completed. In addition, it is anticipated that there might be possible conflicts with the DOT's Phase 1 and future Phase 2

⁷Pursuant to Decision and Order No. 21002, filed on May 27, 2004, in Docket No. 03-0257, effective July 1, 2004, the capital expenditures threshold of General Order No. 7 was increased from \$500,000 to \$2.5 million, excluding customer contributions. Since the amount of this project is less than \$2,500,000, commission approval pursuant to paragraph 2.3(g)(2) of General Order No. 7 is not required.

⁸Application, at 4-5.

construction activities in the project area. In addition, the DOT did not want the overhead lines between poles[] P106 and P107, crossing above the interchange.

Consumer Advocate SOP, at 3. According to the Consumer Advocate, the cost sharing formula set forth in Utility Agreement No. 1944 between DOT and HECO, is based on HRS §§ 264-33 and 264-33.5.⁹ In addition, the Consumer Advocate states that:

- The cost sharing formula is based on HRS § 264-33, which has been applied in previous dockets (e.g., Docket Nos. 2007-0035 and 2008-0003) and found reasonable by the [c]ommission.
- HECO's contribution based on an equivalent overhead placement is reasonable as the underground placement is above what [HECO] would have constructed, but for the State [DOT's] request.

Consumer Advocate SOP, at 5. Nonetheless, the Consumer Advocate states that it "reserves its right to review the final costs associated with this project in [HECO's] next rate proceeding following completion of the project."¹⁰

II.

Discussion

HECO's tariff Sheet No. 1 states, in relevant part: "The rules and rate schedules set forth herein have been fixed by order of the Public Utilities Commission of the State of Hawaii and may not be abandoned, changed, modified or departed from without the prior approval of the [c]ommission."

⁹Consumer Advocate SOP, at 4.

¹⁰Consumer Advocate SOP, at 5.

HECO's tariff Rule No. 13.D.4 states:

[W]hen mutually agreed upon by the customer or applicant and [HECO], overhead facilities will be replaced with underground facilities, provided the customer or applicant requesting the change makes a contribution of the estimated cost installed of the underground facilities less the estimated net salvage of the overhead facilities removed.

HECO's tariff Rule No. 13.D.4.

Any deviation from the cost allocation set forth in Rule 13.D.4 requires commission approval. In the instant proceeding, HECO proposes to depart from its Rule 13.D.4 to allow HECO to share in the costs to relocate the existing overhead lines to underground facilities since the existing facilities cannot be relocated to overhead facilities.

Here, having reviewed the record, the commission finds that the Project is reasonable and in the public interest. The cost sharing for the Project is based on HRS § 264-33, and is generally consistent with HECO's Policy on Underground Lines, which states:

HECO will convert existing overhead lines to underground lines:

- As part of an eligible community or government-initiated project to underground HECO's distribution and service lines (25kV and below). Provided that monies are available, HECO shall contribute at 100% its cost, the planning, design, material procurement and construction of the electrical work (e.g., cable installation, transformers, terminations, etc.). The community and/or government agency shall perform at 100% its cost, the planning, design, material procurement and construction of the civil/structural infrastructure work

(e.g., trenching, ductline construction, manholes, etc.)¹¹

Similarly, HECO's Cost Contribution for Placing Overhead Distribution Lines Underground, Guideline Summary, states that when converting existing overhead lines to underground lines:

HECO will perform and pay for 100% of the planning, design and construction of the electrical work for its facilities if the community and/or government are willing to perform and pay for 100% of the planning, design and construction of the ductline infrastructure to bury existing neighborhood distribution lines (25kV and below).¹²

Based on the foregoing, the commission determines that HECO's request for a waiver of Rule 13 to allow it to contribute \$81,707 for the Project, should be approved.

III.

Orders

THE COMMISSION ORDERS:

1. HECO's request for a waiver of its tariff Rule 13 to allow HECO to contribute approximately \$81,707 for the Project 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.

¹¹HECO's Policy on Underground Lines, filed on May 24, 2006, in Docket No. 03-0260 (certain formatting omitted).

¹²HECO's Cost Contribution for Placing Overhead Distribution Lines Underground, Guideline Summary, filed on March 15, 2006, in Docket No. 03-0260.

2. Within thirty days after the completion of the Project, HECO shall file a final cost report with the commission and serve two copies of the same on the Consumer Advocate.

3. HECO shall conform to the commission's orders set forth above. Failure to adhere to the commission's orders may constitute cause for the commission to void this Decision and Order, and may result in further regulatory action as authorized by law.

DONE at Honolulu, Hawaii MAY 18 2009.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By Carlito P. Caliboso
Carlito P. Caliboso, Chairman

By John E. Cole
John E. Cole, Commissioner

By Leslie H. Kondo
Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:

Jodi L. K. Yi
Jodi L. K. Yi
Commission Counsel

2009-0014.cp

CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail, postage prepaid, and properly addressed to the following parties:

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EXECUTIVE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
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