

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of)
)
PUBLIC UTILITIES COMMISSION)
) DOCKET NO. 03-0371
Instituting a Proceeding to)
Investigate Distributed)
Generation in Hawaii.)
_____)

COUNTY OF MAUI'S RESPONSES TO INFORMATION REQUESTS FROM
KAUAI ISLAND UTILITY COOPERATIVE

CERTIFICATE OF SERVICE

PUBLIC UTILITIES
COMMISSION

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DEPARTMENT OF THE CORPORATION COUNSEL 205

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KIUC/COM-DT-IR-3

COM's Direct Testimonies do not appear to distinguish between KIUC's cooperative ownership structure and the investor-owned ownership structures of the other Hawaii electric utilities. As noted in KIUC's Direct Testimonies, KIUC is a cooperative owned by its member/customers. As a member, these customers are entitled to share in the margins of the cooperative through patronage capital refunds/credits. In the event a member of KIUC decided to install its own DG facilities, this would impair the cooperative's margins, its build-up of equity, and the resulting ability to provide patronage capital refunds to its members. In addition, because KIUC is required to maintain a certain relationship of sales to members versus non-members in order to retain its tax-exempt status, the loss of members to non-KIUC owned DG facilities, where such members for whatever reason decide to forego their membership but remain connected to KIUC's system for back-up or supplemental power, could threaten this tax-exempt status.

a) Given the above, please explain whether a member of KIUC would have less of an incentive to install its own DG system, thus foregoing or reducing its build-up of patronage capital, than if it were a customer of an investor-owned utility.

RESPONSE: Yes, a member of KIUC would have less incentive, but only a very small amount, since the costs would be socialized, while the benefits internalized to the customer.

b) Please explain whether the above supports the ownership of DG facilities by KIUC in order to protect KIUC's build-up of equity, the continued availability of patronage capital refunds to its members, as well as KIUC's tax-exempt status.

Response: The requested analysis has not been performed. The County of Maui has no interest with respect to ownership of DG facilities by KIUC.

DATED: Wailuku, Maui, Hawaii, August 26, 2004.

BRIAN T. MOTO
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COUNTY OF MAUI

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