

LOL-HECO-IR-10

Ref: "HECO is paying 100% of the estimated cost to underground the 46 kV lines." (HECO Application, page 45)

Question(s):

- a. Is HECO and its stockholders or is it the ratepayers that will be paying for the undergrounding?
- b. Is HECO advocating building the lines, while HECO is advocating that ratepayers pay for the lines?

HECO Response:

- a. HECO will be paying for the entire cost of the project, which includes the cost of undergrounding the proposed 46kV lines. HECO expects to be compensated during the planning and construction phases for the carrying costs of the project through the accrual of AFUDC, and to add the project related costs to its rate base as the project phases are placed in service, and ultimately to recover the costs through Commission approved rates. (In its application, HECO has requested Commission approval for the commitment of funds for the proposed EOTP project, in accordance with paragraph 2.3(g)(2) of General Order No. 7.)
- b. HECO is proposing to install the proposed 46kV Phased Project as part of its provision of public utility services. As noted in the response to subpart a above, it is HECO's expectation that in the future, the project costs will be added to its rate base and to recover its costs and a fair return on its investment through Commission approved rates.