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BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
)
HAWAIIAN ELECTRIC COMPANY, INC.)
)
For Approval of Rate Increases and)
Revised Rate Schedules and Rules, and for)
Approval and/or Modification of Demand-)
Side and Load Management Programs and)
Recovery of Program Costs and DSM Utility)
Incentives.)
)

DOCKET NO. 04-0113

FILED
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PUBLIC UTILITIES
COMMISSION

DEPARTMENT OF DEFENSE'S FOURTH
SUBMISSION OF INFORMATION REQUESTS
TO HAWAIIAN ELECTRIC COMPANY, INC.
AND
CERTIFICATE OF SERVICE

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ATTORNEY FOR
DEPARTMENT OF DEFENSE

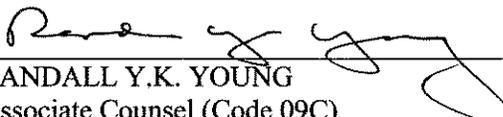
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DEPARTMENT OF DEFENSE'S FOURTH
SUBMISSION OF INFORMATION REQUESTS
TO HAWAIIAN ELECTRIC COMPANY, INC.

COMES NOW, DEPARTMENT OF DEFENSE ("Applicant") by and through its undersigned attorney, and hereby submits its Fourth Submission of Information Requests to Hawaiian Electric Company, Inc. ("HECO").

DATED: Honolulu, Hawaii, April 6 2005.


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DOCKET NO. 04-0113
DEPARTMENT OF DEFENSE'S FOURTH
SUBMISSION OF INFORMATION REQUESTS
TO HAWAIIAN ELECTRIC COMPANY, INC.
INSTRUCTIONS

In order to expedite and facilitate Department of Defense's review and analysis in the above matter, the following is requested:

1. For each response, HECO should identify the person who is responsible for preparing the response as well as the witness who will be responsible for sponsoring the response should there be an evidentiary hearing;
2. Unless otherwise specifically requested, for applicable schedules or workpapers, HECO should provide hard copies of each schedule or workpaper together with one copy of each such schedule or workpaper on electronic media in a mutually agreeable format (e.g., Excel and Quattro Pro, to name two examples); and
3. When an information request makes reference to specific documentation used by HECO to support its response, it is not intended that the response be limited to just the specific document referenced in the request. The response should include any non-privileged memoranda, internal or external studies, assumptions, HECO instructions, or any other relevant authoritative source which HECO used.
4. Should HECO claim that any information is not discoverable for any reason:
 - a. State all claimed privileges and objections to disclosure;
 - b. State all facts and reasons supporting each claimed privilege and objection;

- c. State under what conditions HECO is willing to permit disclosure to Department of Defense (e.g., protective agreement, review at business offices, etc.); and
 - d. If HECO claims that a written document or electronic file is not discoverable, besides complying with subparagraphs 4(a-c), identify each document or electronic file, or portions thereof, that HECO claims are privileged or will not be disclosed, including the title or subject matter, the date, the author(s) and the addressee(s).
5. Please provide each response in electronic format (if available) as well as paper. Please provide two copies of each response, with one copy going directly via overnight delivery to Department of Defense's consultant at the following address:

Mr. Ralph Smith
Larkin & Associates
15728 Farmington Road
Livonia, MI 48154
Telephone No.: 734-522-3420
E-mail: RSmithLA@aol.com

and the other copy going directly via overnight delivery to:

Dr. Kay Davoodi
Utilities Rates and Studies Office
NAVFAC Washington
1314 Harwood Street, S.E.
Washington Navy Yard, DC 20374-5018
Telephone No.: 702-685-3319
E-mail: Khojasteh.Davoodi@navy.mil

DEPARTMENT OF DEFENSE'S FOURTH SUBMISSION OF INFORMATION
REQUESTS TO HAWAIIAN ELECTRIC COMPANY, INC.

DOCKET NO. 04-0113

The following information requests are directed to HECO.

GENERAL QUESTIONS

- DOD/HECO-IR-4-1 Please identify, quantify and explain all currently known changes and adjustments that HECO intends to make to its originally filed determination of rate base, net operating income and revenue requirements.
- a. Where HECO's known changes and adjustments have been discussed in response to discovery, please also include a citation to the specific IR response where HECO indicated that an adjustment or change would be made.
 - b. Additionally, if HECO knows that it will be making a change to rate base, net operating income or the revenue requirement, for some item, but cannot quantify the impact of the change at this point, please at minimum identify and describe all such known changes that HECO intends to reflect as soon as it can quantify the impact.
- DOD/HECO-IR-4-2 Pension asset. Please refer to the response to CA-IR-356 and explain fully why there are no changes to the deferred taxes on pension asset in either 2004 or 2005.
- a. Please reconcile the zero changes to the deferred taxes on pension asset in either 2004 or 2005 with HECO's request for pension expense in the 2005 test year and HECO's actual pension expense for 2004. Identify, quantify and explain each reconciling item.
- DOD/HECO-IR-4-3 HEI advertising. Has HECO included any expense for HEI advertising in the 2005 test year?
- a. If so, please identify the amounts by account, identify the purpose of each HEI advertisement, and provide a copy of and script text for each HEI advertisement
- DOD/HECO-IR-4-4 ADIT. Refer to HECO's response to CA-IR-389.
- a. Does HECO intend to update and/or change its filing for the 2005 information provided in that response? If so, please identify, quantify and explain all changes. If not, explain fully why not.

b. For each item listed in the response to CA-IR-389 having an actual 12/31/04 and/or estimated 12/31/05 balance (positive or negative) of over \$50,000, provide a detailed explanation of why there is a difference between book and tax, when the difference first arose, what provisions of the Internal Revenue Code apply to the tax treatment of the item, and whether the ratemaking treatment of the item has been addressed by the Commission in any prior regulatory proceedings.

c. For each item listed in the response to CA-IR-389 having an actual 12/31/04 and/or estimated 12/31/05 debit balance of \$50,000 or more, please indicate whether HECO has reflected, or intends to reflect, such item as an addition to rate base.

d. For each item identified in part c, please identify, quantify and explain the corresponding credit-balance item (liability, deferred credit, etc.) on HECO's books for actual 12/31/04 and/or estimated 12/31/05.

e. For each item identified in part d, please indicate whether HECO has reflected the corresponding credit-balance item as a deduction from rate base, and if not, for each item, explain fully why not.

DOD/HECO-IR-4-5 Ford Island Substation. Refer to CA-IR-390. Please clearly show, by account and component, all rate base, operating expense and operating revenue amounts that HECO has reflected in the 2005 test year related to the Ford Island Substation Project.

DOD/HECO-IR-4-6 HEI common costs. Commission Order 11317 issued 10/17/91 in Docket No. 6531 stated at page 67 that: "HEI's common costs include costs incurred by HECO that are said to be of benefit to all HEI subsidiaries. Examples of such cost are those associated with HECO's offices of the chairman of the board, president, controller, corporate counsel, treasury, customer service, human resources, and government relations. HECO represents that its cost that are included in HEI's common costs are deducted from HECO's accounts to eliminate the potential of double counting. However, we are unable to determine from the record what amounts are deducted from what HECO accounts and the reasonableness of the amounts so deducted."

a. For the 2005 test year, please identify by account and sub-account all charges of HEI costs, including HEI common costs, to HECO.

b. Please make any additions and deletions to the following sentence from Commission Order 11317 to make it fully accurate with respect to the situation in the 2005 test year: "Examples of such cost are those associated with HECO's offices of the chairman of the board, president, controller, corporate counsel, treasury, customer service, human resources, and government relations. HECO represents that its cost that are included

in HEI's common costs are deducted from HECO's accounts to eliminate the potential of double counting."

c. Please provide a clearly documented accounting of how HEI common cost amounts are deducted from what HECO accounts.

d. Please provide complete and sufficient documentation to determine the reasonableness of the amounts of HEI common costs so deducted.

DOD/HECO-IR-4-7 Does HECO provide employees with discounted electric service?

a. Please explain fully HECO's policy and provide supporting documents, including but not limited to applicable excerpts from employee handbooks and union contracts.

b. Please identify the cost and/or lost revenue for actual 2004 and estimated 2005 test year for providing employees with discounted electric service.

DOD/HECO-IR-4-8 HECO T-16, page 11, lines 4-6, states: "To reduce the number of issues in this case, HECO has removed from its test year 2005 estimate the expense items that were disallowed by the Commission in Dockets 6531 and 6998, HECO's 1990 and 1992 rate cases, respectively."

a. Please provide a comprehensive itemized listing showing all removals that HECO has made in the instant rate case for previously expenses that were previously disallowed by the Commission.

b. Were there any expenses or rate base items that the Commission disallowed in Dockets 6531 and 6998 that HECO has not removed in its filing in the instant rate case? If so, please identify, quantify and explain all such items.

DOD/HECO-IR-4-9 Refer to HECO T-16, page 17, line 13. Explain fully what HECO operations, departments and employees are located at the Honolulu Club and provide a copy of the lease.

DOD/HECO-IR-4-10 Refer to HECO-1608.

a. Explain why HECO reflects the amortization of federal ITC as a reduction to Depreciation Expense for ratemaking purposes, rather than as a reduction to Income Tax Expense.

b. Please explain fully and show in detail how HECO's reflection of the amortization of federal ITC as a reduction to Depreciation Expense for ratemaking purposes impacted each of the following items:

i. Cash working capital calculation.

- ii. Income tax expense and income tax normalizations.
 - iii. Amount of Accumulated Deferred Income Taxes reflected in rate base.
 - iv. Calculation of "short form" income tax expense for ratemaking purposes.
- c. Does HECO agree in principle that the traditional method of reflecting the amortization of federal ITC is as a reduction to income tax expense? If not, explain fully why not.
- d. Does HECO agree in principle that reflecting the amortization of federal ITC in some other manner for ratemaking purposes should not produce any net increase in HECO's revenue requirement. If not, explain fully why not.
- e. Please state fully HECO's understanding of where ITC amortization is to be recorded under the Uniform System of Accounts for Electric Utilities. Provide documents and authority relied upon as the basis for your statement.

CERTIFICATE OF SERVICE

I hereby certify that one copy of the foregoing FOURTH SUBMISSION OF INFORMATION REQUESTS was duly served upon the following parties, by personal service, hand-delivery, and/or U.S. mail, postage prepaid, and properly addressed pursuant to HAR sec. 6-61-21(d).

William A. Bonnet
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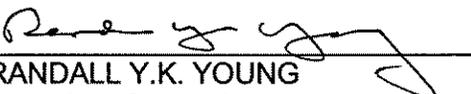
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6 Copies

DATED: Honolulu, Hawaii, April 6, 2005


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