

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
)
KAUAI ISLAND UTILITY COOPERATIVE)
)
For Approval of Changes to Its)
Tariff to Reflect a 2007 Resource)
Cost Adjustment (DSM & IRP))
Surcharge.)
_____)

DOCKET NO. 2006-0495

DECISION AND ORDER NO. 23237

Filed Jan. 31, 2007
At 12 o'clock P .M.

Karen Higashi.
Chief Clerk of the Commission

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

ATTEST: A True Copy
KAREN HIGASHI
Chief Clerk, Public Utilities
Commission, State of Hawaii.

Karen Higashi.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
KAUAI ISLAND UTILITY COOPERATIVE)
For Approval of Changes to Its)
Tariff to Reflect a 2007 Resource)
Cost Adjustment (DSM & IRP))
Surcharge.)
_____)

Docket No. 2006-0495

Decision and Order No. 23237

DECISION AND ORDER

By this Decision and Order, the commission approves KAUAI ISLAND UTILITY COOPERATIVE's ("KIUC") request to approve changes to its tariff to reflect a 2007 Resource Cost Adjustment (Demand Side Management ("DSM") & Integrated Resource Plan ("IRP")) Surcharge, effective February 1, 2007.

I.

Background

KIUC is a Hawaii non-profit cooperative association organized under the laws of the State of Hawaii with its principal place of business in Lihue, Kauai, Hawaii. KIUC is an operating public utility engaged in the production, transmission, distribution, purchase, and sale of electric energy on the island of Kauai.

A.

Proposed Tariff Changes

On December 27, 2006, KIUC filed an application requesting commission approval of changes to its tariff to reflect a 2007 Resource Cost Adjustment (DSM & IRP) Surcharge ("2007 Surcharge") pursuant to Hawaii Revised Statutes ("HRS") § 269-16(b) and Hawaii Administrative Rules ("HAR") § 6-61-111 ("Application").¹ The 2007 Surcharge is designed to allow KIUC to recover KIUC's estimated 2007 IRP and DSM program costs less a reconciliation for its 2006 over-collection of IRP and DSM expenses. KIUC's 2007 IRP budget and estimate for its total 2007 IRP costs is \$139,834, which includes revenue taxes less a reconciliation for 2006 over-collection.² KIUC's 2007 DSM budget provides for \$0 for Residential DSM Program costs, and provides for \$381,787 for Commercial DSM Program costs, which includes related revenue taxes less a reconciliation for 2006 over-collection.³ KIUC submits a copy of the tariff changes that incorporate the 2007 Surcharge provision, with supporting reconciliation workpapers.⁴ KIUC requests that the 2007 Surcharge be effective as of February 1, 2007.⁵

¹KIUC 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 HAR § 6-61-62.

²See Application at Exhibit A.

³See Application at Exhibit B.

⁴See Application at Exhibit C.

⁵To satisfy the requirements of HAR § 6-61-75, KIUC, pursuant to HAR § 6-61-76, incorporates by reference its latest available

B.

Consumer Advocate's Position

On January 24, 2007, the Consumer Advocate advised the commission by electronic mail that it does not object to the approval of the implementation of KIUC's 2007 Surcharge.

II.

Discussion

HRS § 269-16(b) states, in relevant part:

No rate, fare, charge, classification, schedule, rule, or practice, other than one established pursuant to an automatic rate adjustment clause previously approved by the commission, shall be established, abandoned, modified, or departed from by any public utility, except after thirty days' notice to the commission as prescribed in section 269-12(b), and prior approval by the commission for any increases in rates, fares, or charges. The commission, in its discretion and for good cause shown, may allow any rate, fare, charge, classification, schedule, rule, or practice to be established, abandoned, modified, or departed from upon notice less than that provided for in section 269-12(b).⁶

HAR § 6-61-111 states:

Except for tariff filings of water carriers and motor carriers that are governed by sections 6-61-93 and 6-61-94, any public utility tariff additions or changes, other than tariff additions or changes which result in an increase in rates, fares, or charges or changes in any classifications, practices, or rules which would result in an increase in rates, fares, or charges, may be filed with the commission to become

balance sheet and income statement for the twelve (12) months ending November 30, 2006, which were submitted to the commission and the Consumer Advocate on December 15, 2006.

⁶Emphases added.

effective not less than thirty days after filing. The tariff page or pages to be added or changed shall be filed with the commission, together with a transmittal letter. The transmittal letter shall set forth the applicable information specified in section 6-61-74 and section 6-61-86, together with the latest available balance sheet and income statement, the justification for the proposed additions or changes, and the proposed effective date thereof. The transmittal letter shall have attached to it a certificate of service showing service on the consumer advocate at the time of filing. Two copies of the tariff page or pages, together with the transmittal letter, shall be served on the [C]onsumer [A]dvocate. The additions or changes to the tariff, unless suspended by the commission, shall become effective thirty days after filing with the commission in compliance with this section or at a later date as may be specified in the transmittal letter. Tariff filings not in compliance with this section will be rejected.

Here, KIUC's proposed tariff changes appear consistent with requirements regarding the recovery of IRP and DSM costs.⁷ The mechanism employed by KIUC to recover its 2007 DSM & IRP costs in this application is similar to the mechanisms approved in Docket Nos. 03-0002, 03-0422, 04-0368, and 05-0328 (previous DSM & IRP cost recovery applications filed by KIUC). Moreover, the commission recognizes that the mechanism employed for determining KIUC's DSM and IRP surcharge for a given period provides for an annual "true-up" or reconciliation of KIUC's actual DSM and IRP expenses incurred for the given period. Accordingly, the commission finds that KIUC's tariff changes proposed in its Application are reasonable and appropriate.

⁷See In re Public Utilities Commission, Docket No. 6617, Decision and Order No. 11523, filed on March 12, 1992; In re Kauai Electric Division of Citizens Utilities Company, Docket No. 94-0337, Decision and Order No. 15733, filed on August 5, 1997.

Based on the foregoing, the commission concludes that KIUC's proposed tariff changes reflecting its 2007 Surcharge as set forth in its Application, filed on December 27, 2006, should be approved, as requested.

III.

Orders

THE COMMISSION ORDERS:

KIUC's proposed tariff changes reflecting its 2007 Resource Cost Adjustment (DSM & IRP) Surcharge are approved, effective February 1, 2007.

DONE at Honolulu, Hawaii JAN 31 2007.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By Carlito P. Caliboso
Carlito P. Caliboso, Chairman

By John E. Cole
John E. Cole, Commissioner

APPROVED AS TO FORM:

Nichole K. Shimamoto
Nichole K. Shimamoto
Commission Counsel

2006-0495

CERTIFICATE OF SERVICE

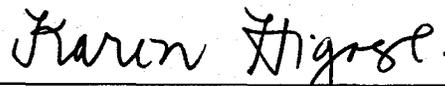
I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 23237 upon the following Petitioners, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

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DATED: JAN 31 2007