

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

----- In the Matter of -----)
)
HAWAII ELECTRIC LIGHT)
COMPANY, INC.)
)
Regarding Integrated Resource)
Planning.)
_____)

DOCKET NO. 97-0349

ORDER NO. 20792

RECEIVED
2004 FEB -5 A 8:25
DIV. OF CONSUMER ADVOCACY
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
STATE OF HAWAII

Filed Feb. 4, 2004

At 9:00 o'clock A.M.

Karen Higashi

Chief Clerk of the Commission

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

K. Higashi

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

----- In the Matter of -----)	
)	
HAWAII ELECTRIC LIGHT)	Docket No. 97-0349
COMPANY, INC.)	
)	
Regarding Integrated Resource)	Order No. 20792
Planning.)	
_____)	

ORDER

I.

Background

On March 12, 1992, the commission established a framework for integrated resource planning ("IRP Framework"), and ordered HAWAIIAN ELECTRIC COMPANY, INC., HAWAII ELECTRIC LIGHT COMPANY, INC. ("HELCO"), MAUI ELECTRIC COMPANY, LIMITED, KAUAI ISLAND UTILITY COOPERATIVE (fka, KAUAI ELECTRIC DIVISION OF CITIZENS COMMUNICATIONS COMPANY), and THE GAS COMPANY, LLC (fka, CITIZENS COMMUNICATIONS COMPANY, dba THE GAS COMPANY) ("TGC") to, among other things, submit their integrated resource plans and program implementation schedules for commission approval in accordance with the IRP Framework.¹

On May 29, 1996, the commission approved HELCO's 1st integrated resource plan ("IRP") and program implementation schedule ("Action Plans"). The commission also ordered HELCO to

¹Decision and Order No. 11523, filed on March 12, 1992, in Docket No. 6617 (as amended by Decision and Order No. 11630, filed on May 22, 1992, in Docket No. 6617).

submit its revised or 2nd IRP by July 1, 1997.² The submission date of HELCO's 2nd IRP was eventually extended from July 1, 1997 to September 1, 1998.³

B.

HELCO's 2nd IRP and Action Plans

On September 1, 1998, HELCO filed its 2nd IRP and Action Plans for commission approval. Besides HELCO, the other parties in this proceeding consist of the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate") and TGC (collectively, all parties hereinafter referred to as "Parties").⁴

On June 7, 1999, the commission issued Stipulated Prehearing Order No. 17018, setting forth, among other things, the procedural schedule for the above-referenced proceeding. In particular, the procedural schedule states that "[f]ollowing the filing of HELCO's Responses to Supplemental Information Requests, the Parties will meet informally to attempt to reach a stipulation on issues where there is agreement, and/or establishment of additional procedural steps, which may include a contested case

²Decision and Order No. 14708, filed on May 29, 1996, in Docket No. 7259.

³Order No. 14866, filed on August 8, 1996, in Docket No. 7259; and Order No. 15977, filed on September 26, 1997, in Docket No. 97-0349.

⁴Pursuant to Hawaii Administrative Rules § 6-61-62, the Consumer Advocate is an ex officio party to this proceeding. By Order No. 16607, filed on October 13, 1998, we granted TGC's motion to intervene.

hearing, as required." On October 8, 1999, HELCO filed its Responses to Supplemental Information Requests.

On November 25, 2003, the commission held a status conference where the Parties orally agreed to confer or meet informally subsequent to the status conference to attempt to reach a stipulation on the issues where there is agreement and/or to establish additional procedural steps, as required, in this docket. Accordingly, the commission subsequently approved the agreements made at the November 25, 2003 status conference and directed the Parties to either file their stipulation for commission review and approval and/or a written report describing, among other things, the status of their negotiations by December 12, 2003.⁵ The stipulation and/or written report deadline was subsequently extended to January 9, 2004.⁶

On January 9, 2004, HELCO and the Consumer Advocate filed their "Stipulation Regarding Proceeding" ("January 9, 2004 Stipulation") for commission review and approval. On January 9, 2004, TGC filed a statement of no objection to the January 9, 2004 Stipulation.

⁵Order No. 20698, filed on December 4, 2003.

⁶On December 18, 2003, the commission approved HELCO's December 12, 2003 request for an extension of time until December 23, 2003 to submit the stipulation and/or written report. On December 23, 2003, the commission approved HELCO's December 22, 2003 request for a further extension of time until January 9, 2004 to submit the stipulation and/or written report.

II.

January 9, 2004 Stipulation

The January 9, 2004 Stipulation provides, among other things, the following agreements and conditions:

1. HELCO and the Consumer Advocate do not request additional procedural steps or an evidentiary hearing in this proceeding, and request that the docket be closed;
2. HELCO and the Consumer Advocate agree that the concerns raised by the Parties with respect to supply-side resources and/or HELCO's supply side Action Plan can be more appropriately addressed in HELCO's upcoming 3rd IRP cycle;
3. HELCO and the Consumer Advocate agree that concerns raised by the Parties with respect to demand-side management ("DSM") resources and/or HELCO's DSM Action Plan can be more appropriately addressed in HELCO's upcoming 3rd IRP cycle and/or at the conclusion of HELCO's DSM Temporary Continuation Period approved in Amended Order No. 19094, filed on December 11, 2001, in Docket Nos. 95-0173, 95-0174, 95-0175 and 95-0176 (consolidated);
4. HELCO and the Consumer Advocate agree that concerns raised with respect to the Hawaii Externalities Workbook, filed on July 22, 1997 ("Externalities Workbook"), can be appropriately addressed in HELCO's upcoming 3rd IRP cycle;
5. As a result, HELCO and the Consumer Advocate agree that the filing of (a) HELCO's 2nd IRP and Action Plans are sufficient to meet HELCO's responsibilities under Sections II.C.1. and II.C.2. of the IRP Framework, and (b) it is not necessary under the circumstances for the commission to issue a final decision and order under Section II.D.2. of the IRP Framework;

6. HELCO and the Consumer Advocate further agree that, HELCO's 2nd IRP and Action Plans will have the status of plans filed with, but not approved by the commission;
7. HELCO and the Consumer Advocate agree that (a) HELCO has sufficiently complied with the requirement that it submit its externalities findings and recommendations to the commission by submitting its Externalities Workbook, (b) the Externalities Workbook may be used by HELCO in subsequent IRP filings, and (c) nothing herein shall be construed to prohibit HELCO or another party from presenting or using other qualitative or quantitative externality values and/or methodologies in future IRP proceedings;
8. Pursuant to Section III.D.3. of the IRP Framework, HELCO will submit an Evaluation Report of its 2nd IRP and Action Plans no later than March 31, 2004 (although HELCO will target to file the Evaluation Report by February 27, 2004), unless the commission sets or approves a different date for such submission; and
9. Pursuant to Section III.B.2. of the IRP Framework, HELCO will submit a revised (i.e., 3rd) IRP Plan and Action Plans no later than October 31, 2005, unless the commission sets or approves a different date for such submission.

Upon our review of the January 9, 2004 Stipulation, we find that the agreements and conditions proposed above by HELCO and the Consumer Advocate are reasonable and will expedite and facilitate IRP planning and development in the State of Hawaii, which will ultimately benefit the electric power consumer or ratepayers affected by this proceeding. We agree with HELCO and the Consumer Advocate that "the review in an IRP proceeding is intended to be forward looking, with the focus on a determination of the overall reasonableness of a utility's 20-year IRP Plan, and

the specific actions, resources and programs included in the five-year program implementation schedule (i.e., the Supply-Side and Demand-Side Action Plans)[.]” Because the five-year period (1999-2003) covered by HELCO’s Action Plans filed with HELCO’s 2nd IRP Plan has concluded, we also agree with HELCO and the Consumer Advocate that it would be more appropriate for HELCO to begin a new IRP cycle, in which forecasts and planning assumptions can be updated than to continue to review HELCO’s 2nd IRP Plan in this proceeding in accordance with the IRP Framework. We also recognize that since the filing of HELCO’s 2nd IRP Plan in late 1998, there have been a number of recent developments and changes (i.e., the settlement of various litigation proceedings relating to HELCO’s planned and existing generating units at Keahole) that may or will have a significant impact on HELCO’s IRP Plan and the existing IRP Framework. Consequently, notwithstanding the three-year cycle filing requirement⁷ set forth in the IRP Framework, we will allow HELCO to file its 3rd IRP and Action Plans by October 31, 2005. However, should circumstances change pertaining to, among other things, HELCO’s supply-side resources (i.e., changes to HELCO’s planned and existing generating units at Keahole) and load and sales forecast, we expect HELCO to immediately report in writing such change in circumstances to the commission and the Parties in this docket.

⁷Section III.B.2. of the IRP Framework states that “each utility shall conduct a major review, resulting in the submission to the commission of a new integrated resource plan and implementation schedule on the same day every three years.”

Accordingly, we conclude that the proposed agreements and conditions set forth in HELCO's and the Consumer Advocate's January 9, 2004 Stipulation should be approved in its entirety and made a part of this order, as described further below in section III. Furthermore, in light of our approval of the proposed agreement and conditions set forth in the January 9, 2004 Stipulation, we conclude that this docket should be thereafter closed.⁸

III.

Orders

THE COMMISSION ORDERS:

1. The January 9, 2004 Stipulation is approved in its entirety and shall be made part of this order.
2. Pursuant to Section III.D.3. of the IRP Framework, HELCO shall submit its first annual evaluation report of its 2nd IRP and Action Plans no later than March 31, 2004.
3. Pursuant to Section III.B.2. of the IRP Framework, HELCO shall continue to conduct a major review of its IRP by adopting a new 20-year planning horizon, repeating the planning process cycle, and fully re-analyzing its resource programs, consistent with the terms of this order. HELCO shall submit its revised or 3rd IRP and Action Plans no later than October 31, 2005.


⁸By separate order to be issued immediately after the instant order, a new docket will be opened to commence the next IRP cycle for HELCO in accordance with Section III.C.1. of the IRP Framework.

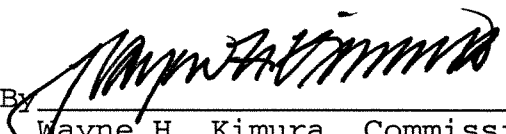
HELCO shall immediately report in writing any change in circumstances, if any, (i.e., changes to HELCO's planned and existing generating units at Keahole) and the reasons thereof, to the commission and the Parties in this docket.

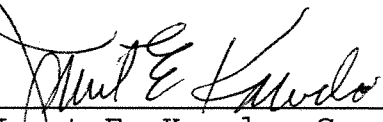
5. This docket is closed.

DONE at Honolulu, Hawaii this 4th day of February,
2004.

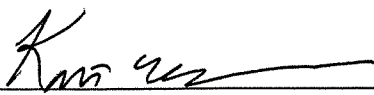
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
Wayne H. Kimura, Commissioner

By 
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:


Kris N. Nakagawa
Commission Counsel

97-0349.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 20792 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
P. O. Box 541
Honolulu, HI 96809

WARREN H.W. LEE
PRESIDENT
HAWAII ELECTRIC LIGHT COMPANY, INC.
P. O. Box 1027
Hilo, HI 96720

WILLIAM A. BONNET
VICE PRESIDENT - GOVERNMENT AND COMMUNITY AFFAIRS
HAWAIIAN ELECTRIC COMPANY, INC.
P. O. Box 2750
Honolulu, HI 96840

THOMAS W. WILLIAMS, JR., ESQ.
GOODSILL ANDERSON QUINN & STIFEL
1800 Alii Place
1099 Alakea Street,
Honolulu, HI 96813

STEVEN P. GOLDEN
DIRECTOR - EXTERNAL AFFAIRS AND PLANNING
THE GAS COMPANY LLC
841 Bishop Street, Suite 1700
Honolulu, HI 96813

Certificate of Service

Page 2

ALAN M. OSHIMA, ESQ.
KENT D. MORIHARA, ESQ.
OSHIMA CHUN FONG & CHUNG, LLP
Davies Pacific Center, Suite 400
841 Bishop Street
Honolulu, HI 96813



Karen Higashi

DATED: February 4, 2004