

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application Of)
HAWAIIAN ELECTRIC COMPANY, INC.)
HAWAII ELECTRIC LIGHT COMPANY, INC.)
MAUI ELECTRIC COMPANY, LIMITED)
For Approval of a CHP Program,)
Schedule CHP - Customer-Sited)
Utility-Owned Cogeneration Service,)
Inclusion of Related Fuel Costs in)
The Energy Adjustment Clause, and a)
Modification to the Energy Cost)
Adjustment Clause, Avoided Energy)
Cost Filing and Schedule Q.)

DOCKET NO. 03-0366

ORDER NO. 20831

Filed March 2, 2004
At 2:30 o'clock P .M.

Karen Digest.
Chief Clerk of the Commission

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

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and related revenue taxes, incurred under the CHP Agreements filed pursuant to the CHP Program and Schedule CHP, in each Company's respective Energy Cost Adjustment Clause to the extent that the costs are not recovered in each Company's base rates;

(4) approve a modification to each Company's respective Energy Cost Adjustment Clause, avoided energy cost filing, and Schedule Q to allow the inclusion of the fuel and transportation costs, and related revenue taxes, incurred under the CHP Agreement filed pursuant to the CHP Program and Schedule CHP;

(5) approve an exemption from the requirements of paragraph 2.3(g)(2) of General Order No. 7 for CHP system capital expenditures projects done pursuant to each Company's Schedule CHP; and (6) grant the Companies such other and further relief as may be just and equitable. On October 10, 2003, Applicants also served copies of their application on the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs ("Consumer Advocate").

On October 29, 2003, Life of the Land ("LOL") timely filed a motion to intervene. On October 30, 2003, Johnson Controls, Inc. and Pacific Machinery, Inc. (hereinafter referred to as the "Hawaii Energy Services Companies"), timely filed their motion to intervene. On October 30, 2003, The Gas Company, LLC ("TGC") timely filed a motion to intervene. On October 31, 2003, Hawaii Renewable Energy Alliance ("HREA") filed a motion to enlarge time and its motion to intervene. On November 5, 2003, Applicants filed a joint response to LOL's motion to intervene. On November 7, 2003, Applicants filed their

joint response to HREA's motion to enlarge time and motion to intervene. On November 10, 2003, Applicants requested an extension of time until November 12, 2003 to respond to the motions to intervene by Hawaii Energy Services Companies and TGC. On November 12, 2003, Applicants filed their joint response to the motions to intervene by Hawaii Energy Services Companies and TGC. On November 17, 2003, HREA filed a reply to Applicant's memorandum in response to HREA's motion to intervene.

On October 31, 2003, the Consumer Advocate filed its statement of position recommending that the commission consolidate the instant docket with the commission's generic proceeding that was opened on October 21, 2003 to investigate distributed generation, Docket No. 03-0371. In the alternative, the Consumer Advocate recommends that this proceeding be suspended until the commission issues its Decision and Order in Docket No. 03-0371.

On December 26, 2003, Applicants filed their reply to the Consumer Advocate's statement of position, indicating that they are opposed to suspending or consolidating the instant docket with Docket No. 03-0371.¹

II.

Discussion

On October 21, 2003, the commission opened a generic investigative docket on distributed generation which

¹Applicants note, however, that they may not oppose consolidation of the instant docket with Docket No. 03-0371 if they are allowed to proceed with their CHP on an interim basis.

also includes issues relating to CHP.² The purpose for Docket No. 03-0371 is to investigate and examine the potential benefits and impacts on distributed generation on Hawaii's electric distribution system and market. The commission intends that Docket No. 03-0371 will form the basis for rules and regulations deemed necessary to govern participation into Hawaii's electricity market through distributed generation. Further, the commission agrees with the Consumer Advocate that issues related to CHP should not be examined in a vacuum and that the commission must consider the dynamic interactions with other sources of generation, as well as the demand and load created by the end users.³

²On October 21, 2003, the commission instituted an investigation to examine the potential benefits and impacts of distributed generation on Hawaii's electric distribution systems and market. Through this docket, the commission intends to address the generic distributed generation issues affecting the electric industry in Hawaii. These issues include, but are not limited to: (1) addressing interconnection matters; (2) determining who should own and operate distributed generation projects; (3) identifying what impacts, if any, distributed generation will have on Hawaii's electric distribution systems and market; (4) defining the role of regulated electric utility distribution companies and the commission in the deployment of distributed generation in Hawaii; (5) identifying the rate design and cost allocation issues associated with the deployment of distributed generation facilities; and (6) developing the necessary revisions to the integrated resource planning process, if necessary. See Order No. 20582, filed on October 21, 2003, in Docket No. 03-0371.

³The commission is also mindful of Applicants' concerns regarding the length of the proceeding in Docket No. 03-0371. Every effort will be made to hold hearings on Docket No. 03-0371 by the end of 2004 and immediately issue a decision and order in that docket.

The commission also finds that there is no evidence in the record to support Applicants' representation that "[w]ithout the central station deferral benefits expected from [Applicants'] CHP programs, the need dates for new generation new load growth may well occur sooner than the forecasted need date of 2009 for HECO." Upon review and based on the above, we find it appropriate and prudent to suspend the Applicants' Application in this docket until, at the minimum, the matters in Docket No. 03-0371 have been addressed.

In light of the commission's suspension of the instant Application in this docket, the commission further finds it premature and unnecessary to rule upon Applicants' request for extension of time, HREA's motion to enlarge time and the various motions to intervene in this proceeding. However, upon reopening the matter, the commission intends to allow an opportunity for all movants and parties to update their respective requests, motions and responsive pleadings prior to the commission ruling on these matters. We also intend to entertain any request for leave by Applicants to update or amend their Application due to any changes in circumstances such as the commission's decision in Docket No. 03-0371.

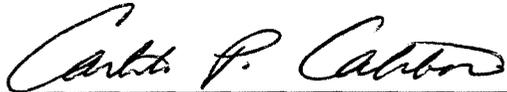
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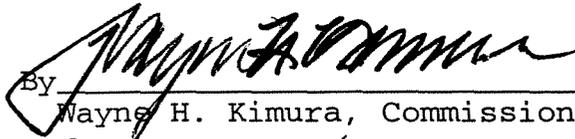
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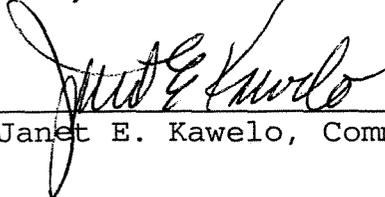
THE COMMISSION ORDERS that Applicants' Application, filed on October 10, 2003, is suspended until further order of the commission.

DONE at Honolulu, Hawaii this 2nd day of March,
2004.

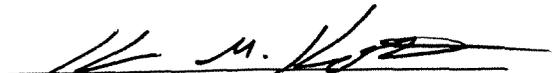
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
Wayne H. Kimura, Commissioner

By 
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:


Kevin M. Katsura
Commission Counsel

03-0366.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 20831 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

WILLIAM A. BONNET
VICE PRESIDENT
GOVERNMENT & COMMUNITY AFFAIRS
HAWAIIAN ELECTRIC COMPANY, INC.
P.O. Box 2750
Honolulu, HI 96840-0001

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

HENRY Q CURTIS
VICE PRESIDENT FOR CONSUMER ISSUES
LIFE OF THE LAND
76 North King Street, Suite 203
Honolulu, HI 96817

WARREN H.W. LEE
PRESIDENT
HAWAII ELECTRIC LIGHT COMPANY, INC.
P. O. Box 1027
Hilo, HI 96721-1027

EDWARD REINHARDT
PRESIDENT
MAUI ELECTRIC COMPANY, LIMITED
P. O. Box 398
Kahului, HI 96733-6898

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Page 2

GORDON BULL
BRANCH MANAGER
JOHNSON CONTROLS, INC.
CONTROLS GROUP
677 Ala Moana Boulevard, Suite 820
Honolulu, HI 96813

JIM REISCH
VICE PRESIDENT, GENERAL MANAGER
PACIFIC MACHINERY, INC.
94-025 Farrington Highway
Waipahu, HI 96797

THOMAS C. GORAK
GORAK & BAY, L.L.C.
76-6326 Kaheiau Street
Kailua-Kona, HI 96740

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

ALAN M. OSHIMA, ESQ.
OSHIMA CHUN FONG & CHUNG LLP
841 Bishop Street, Suite 400
Honolulu, HI 96813

GEORGE T. AOKI, ESQ.
THE GAS COMPANY, LLC
841 Bishop Street, Suite 1700
Honolulu, HI 96813

WARREN S. BOLLMEIER II
PRESIDENT
HAWAII RENEWABLE ENERGY ALLIANCE
46-040 Konane Place #3816
Kaneohe, HI 96744

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Page 3

ALTON MIYAMOTO
PRESIDENT & CEO
KAUAI ISLAND UTILITY COOPERATIVE
4463 Pahe'e Street
Lihue, HI 96766-2032



Karen Higashi

DATED: March 2, 2004