

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

----- In the Matter of -----)
)
MAUI ELECTRIC COMPANY, LIMITED))
)
Regarding Integrated Resource)
Planning.)
_____)

DOCKET NO. 04-0077

ORDER NO. 20953

RECEIVED
2004 MAY -3 A 9:24
DIV. OF CONSUMER AFFAIRS
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
STATE OF HAWAII

Filed April 30, 2004
At 2:00 o'clock P.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 -----)
)
MAUI ELECTRIC COMPANY, LIMITED) Docket No. 04-0077
)
Regarding Integrated Resource) Order No. 20953
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., MAUI ELECTRIC COMPANY, LIMITED ("MECO"), 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

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).

On May 29, 1996, the commission approved MECO's 1st integrated resource plan ("IRP") and program implementation schedule ("Action Plans").²

On April 7, 2004, the commission approved MECO's, the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS' ("Consumer Advocate"), LIFE OF THE LAND's ("LOL") and HAWAII RENEWABLE ENERGY ALLIANCE's ("HREA") (collectively, "Parties") "Stipulation Regarding Hearing and Commission Approval" ("February 27, 2004 Stipulation") resolving all of the issues posed in Docket No. 99-0004 relating to MECO's 2nd IRP and Action Plans.³ The February 27, 2004 Stipulation provides, among other things, the following agreements and conditions:

1. The Parties do not request additional procedural steps or an evidentiary hearing in this proceeding, and request that the docket be closed;
2. The Parties agree that the concerns raised by the Parties with respect to supply-side resources (generation, transmission, distribution) will be addressed in MECO's upcoming 3rd IRP cycle;
3. The Parties agree that concerns raised by the Parties with respect to demand-side management ("DSM") resources and/or MECO's DSM Action Plan will be addressed in MECO's upcoming 3rd IRP cycle and/or at the conclusion of MECO's DSM Temporary Continuation Period approved in Order No. 19093, filed on November 30, 2001, in Docket Nos. 95-0139, 95-0140, 95-0141 and 95-0142 (consolidated);

²Decision and Order No. 14707, filed on May 29, 1996, in Docket No. 7258.

³Order No. 20884, filed on April 7, 2004, in Docket No. 99-0004.

4. The Parties agree that concerns raised with respect to the Hawaii Externalities Workbook, filed on July 22, 1997 ("Externalities Workbook"), will be addressed in MECO's upcoming 3rd IRP cycle;
5. The Parties agree that MECO's 3rd IRP (aka, IRP-3) objectives will have quantitative and/or qualitative benchmarks, developed in conjunction with the MECO IRP Advisory Group process, in order to help assess the attainment of the IRP Plan components' intended outcomes;
6. MECO and the Consumer Advocate agree that MECO's 2nd IRP and Action Plans are sufficient to meet MECO's responsibilities under Sections II.C.1. and II.C.2. of the IRP Framework;
7. LOL and HREA disagree as to whether MECO's 2nd IRP and Action Plans are sufficient to meet MECO's responsibilities under Sections II.C.1. and II.C.2. of the IRP Framework;
8. The Parties agree, however, that the commission may accept this February 27, 2004 Stipulation and 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 that resolves the Parties' differences;
9. If the commission does not formally approve MECO's 2nd IRP and Action Plans, the Parties agree that MECO's 2nd IRP and Action Plans will have the status of plans filed with, but not approved by, the commission;
10. The Consumer Advocate agrees, and LOL and HREA disagree, that (a) MECO 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 MECO in subsequent IRP filings, and (c) nothing herein shall be construed to prohibit MECO or another party from

presenting or using other qualitative or quantitative externality values and/or methodologies in future IRP proceedings;

11. Pursuant to Section III.D.3. of the IRP Framework, MECO will submit two (2) evaluation reports of HECO's 2nd IRP and Action Plans - the first to be submitted no later than April 30, 2004 (although MECO will target to file its first evaluation report by March 31, 2004) and the second to be submitted no later than April 29, 2005, respectively - - unless the commission sets or approves different dates for such submissions. After the first evaluation report is filed, MECO will convene a meeting of its Advisory Group (since LOL and HREA are currently not members of MECO's Advisory Group, MECO will invite LOL and HREA to attend the meeting and become members for its 3rd IRP) to review the findings of the evaluation report, and will solicit written comments from the Advisory Group, LOL and HREA with respect to the findings included in the evaluation report that MECO will take into consideration, to the extent practicable, in its second evaluation report to be filed by April 29, 2005, and/or in MECO's upcoming 3rd IRP cycle; and
12. Pursuant to Section III. B.2. of the IRP Framework, MECO will submit its revised 3rd IRP and Action Plan no later than October 31, 2006, unless the commission sets or approves a different date for such submission.

II.

Discussion

Section III.C.1. of the IRP Framework provides that "[e]ach planning cycle for a utility will commence with the issuance of an order by the commission opening a docket for [IRP]." Thus, pursuant to Section III.C.1. of the IRP Framework, the commission finds and concludes that a docket should be opened to

commence the next IRP cycle for MECO, and to examine MECO's 3rd IRP to be submitted no later than October 31, 2006. Furthermore, in accordance with Section III.C.3. of the IRP Framework, the commission also finds and concludes that MECO should prepare, in consultation with the Consumer Advocate, and file with the commission within thirty (30) days after the date of this order, a schedule that it intends to follow in the development of its 3rd IRP. Unless ordered otherwise, the schedule should also be consistent with the IRP Framework and the terms and conditions of the February 27, 2004 Stipulation approved by the commission in Order No. 20884, filed on April 7, 2004, in Docket No. 99-0004.

III.

Orders

THE COMMISSION ORDERS:

1. Pursuant to Section III.C.1. of the IRP Framework, this docket is opened to commence the next IRP cycle for MECO, and to examine MECO's 3rd IRP to be submitted no later than October 31, 2006.

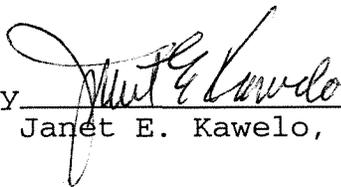
2. MECO shall prepare, in consultation with the Consumer Advocate, and file with the commission within thirty (30) days after the date of this order, a schedule it intends to follow in the development of its 3rd IRP. Unless ordered otherwise, the schedule shall also be consistent with the IRP Framework and the terms and conditions of the February 27, 2004 Stipulation approved by the commission in Order No. 20884, filed on April 7, 2004, in Docket No. 99-0004.

DONE at Honolulu, Hawaii this 30th day of April, 2004.

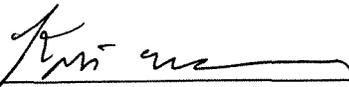
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
Wayne H. Kimura, Commissioner

By 
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:


Kris N. Nakagawa
Commission Counsel

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 20953 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

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DIVISION OF CONSUMER ADVOCACY
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Karen Higashi

DATED: April 30, 2004