

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of)  
)  
HAWAII ELECTRIC LIGHT COMPANY, INC.)  
)  
For Approval to Commit Funds in )  
Excess of \$2.5 Million for Item )  
HP001062, Design, Purchase, and )  
Installation of Keahole CT-2 )  
Noise Mitigation Measures. )  
\_\_\_\_\_)

DOCKET NO. 04-0352

ORDER NO. 21492

Filed December 9, 2004  
At 10:45 o'clock A .M.

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

2004 DEC 10 A 8:17

RECEIVED

*for* *Brock K. Kane*  
Chief Clerk of the Commission

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

*for* *Brock K. Kane*



requirement that its Application "be submitted to the commission for review at least 60 days prior to the commencement of construction or commitment for expenditure, whichever is earlier."

HELCO served copies of its Application upon the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate").

## II.

### The Project

In general, the Project: (1) involves the design and installation of noise mitigation measures for the Keahole Generating Unit CT-2 ("CT-2"); and (2) is intended to mitigate noise emissions from CT-2 such that noise emissions from the entire Keahole power plant are at or below forty-five (45) decibels (dBA) at night and fifty-five (55) decibels (dBA) during the day, when measured from the property line. The noise mitigation efforts will include acoustic machinery enclosures, silencers for the various airflows, and noise barrier walls for the CT-2 equipment.

HELCO explains:

1. In July 2002, the State of Hawaii ("State"), Department of Land and Natural Resources ("DLNR"), approved the installation of the CT-2 noise mitigation measures, and in January 2004, DLNR approved HELCO's revised plans.

2. The Keahole power plant is required to meet a noise level limit of fifty-five (55) dBA during the day

(7:00 a.m. - 10:00 p.m.), and forty-five (45) dBA during the evening (10:00 p.m. - 7:00 a.m.), as measured from the property boundaries, in compliance with the State Department of Health's ("DOH") noise standards.

3. HELCO is precluded from commencing the full-time operation of the Keahole Generating Units CT-2, CT-4, and CT-5 until after the noise mitigation is installed.<sup>3</sup> Thus, as HELCO explains:

Keahole Unit CT-2 generates 14.3-MW [megawatts] of electrical power (continuous rating) and is needed to provide both power and local voltage support for the grid. CT-2 currently meets the CDUA [Conservation District Use Amendment] 70 dBA day/night noise level limit, but requires additional acoustic treatment to now comply with the State's 55/45 dBA day/night noise requirements. HELCO has already reduced the noise levels from CT-2 by retrofitting absorptive acoustic materials, but these measures have not been enough to meet the 55/45 dBA day/night noise requirements when operating individually, and in particular, when operating simultaneously with CT-4 and/or CT-5. Currently, the Keahole Power Plant is operating under a Community Noise permit that allows operation in excess of the 55/45 dBA levels. This temporary permit was issued by DOH (Permit No. K002-012) and will expire in July 2007.<sup>4</sup>

4. HELCO needs to complete the Project by July 31, 2005, when the State Board of Land and Natural Resources' ("BLNR") "construction deadline extension expires."<sup>5</sup>

5. In September 2004, HELCO solicited turn-key proposals for the CT-2 noise abatement work; in November 2004, it

---

<sup>3</sup>HELCO expects to complete the installation of the noise mitigation equipment for CT-4 and CT-5 by December 2004.

<sup>4</sup>HELCO's Application, at 6.

<sup>5</sup>Id. at 4.

received two (2) proposals that met the bid requirements; and thereafter, selected the turn-key proposal submitted by Braden Manufacturing.

6. The total estimated cost of the Project, \$2,549,119, slightly exceeds the \$2.5 million threshold governing the filing of capital expenditure applications by HELCO.

### III.

#### Waiver

HELCO requests a waiver of the G.O. No. 7, Section 2.3.g.2 requirement, no later than December 10, 2004. HELCO states that the waiver, if granted, will allow it to immediately: (1) issue a contract to Braden Manufacturing for the noise mitigation work; and (2) commence with the Project. Moreover, HELCO must complete the construction work by the BLNR-imposed deadline of July 31, 2005.

HELCO represents that "[t]he Consumer Advocate does not object to the request for waiver and reserves its right to state its position with respect to the substance of HELCO's Application."<sup>6</sup>

The commission finds good cause to approve HELCO's request for waiver. HELCO, thus, is permitted to commit funds for the Project earlier than sixty (60) days following the filing of its Application.

Concomitantly, the commission notes that this Order does not constitute a decision on the merits of HELCO's

---

<sup>6</sup>Id. at 10.

Application. HELCO acknowledges that if the commission does not approve the Application, "HELCO will have the burden of proof to justify the reasonableness of the capital expenditures in its next rate case."<sup>7</sup>

IV.

Procedural Schedule

The deadline for commission action on the merits of HELCO's Application is on or about March 4, 2005, pursuant to Section 2.3.g.2 of G.O. No. 7. Accordingly, the commission will instruct HELCO and the Consumer Advocate (collectively, the "Parties") to submit a stipulated procedural schedule for the commission's review and consideration.<sup>8</sup>

V.

Orders

THE COMMISSION ORDERS:

1. HELCO's request for a waiver, filed on December 6, 2004, of the Section 2.3.g.2 requirement to file its Application at least sixty (60) days prior to the commencement of construction or commitment for expenditure of funds, is approved.

2. Within forty-five (45) days from the date of this Order, the Parties shall submit to the commission a stipulated procedural schedule, incorporating their agreed upon schedule

---

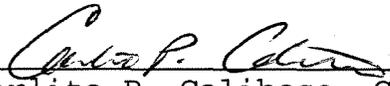
<sup>7</sup>Id.

<sup>8</sup>In the event intervenor or participant status is later granted to any interested person, the commission will amend the procedural schedule accordingly, if necessary.

with respect to this proceeding. If they are unable to stipulate to such a schedule, each Party shall submit a proposed procedural schedule for the commission's consideration by the same date.

DONE at Honolulu, Hawaii DEC - 9 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:

  
Michael Azama  
Commission Counsel

04-0352.cs

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 21492 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 96721-1027

PATSY NANBU  
DIRECTOR, REGULATORY AFFAIRS  
HAWAIIAN ELECTRIC COMPANY, INC.  
P. O. Box 2750  
Honolulu, HI 96840-0001

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

*Karen Higashi*

for  
\_\_\_\_\_  
Karen Higashi

DATED: DEC - 9 2004