

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

----- In the Matter of -----)
)
KAUAI ISLAND UTILITY COOPERATIVE) DOCKET NO. 2006-0165
)
Regarding Integrated Resource)
Planning.)
_____)

ORDER NO. 22542

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

Filed June 20, 2006
At 10:30 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.

Gleaner R. Huie

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

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KAUAI ISLAND UTILITY COOPERATIVE) Docket No. 2006-0165
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Regarding Integrated Resource) Order No. 22542
Planning.)
-----)

ORDER

By this Order, the commission commences a proceeding to examine KAUAI ISLAND UTILITY COOPERATIVE'S ("KIUC") integrated resource planning ("IRP") efforts in accordance with the IRP framework established in Decision and Order No. 11523, filed on March 12, 1992, as amended by Decision and Order No. 11630, filed on May 22, 1992 ("Decision and Order No. 11630"), in Docket No. 6617 ("Docket No. 6617") ("IRP Framework"); and pursuant to Decision and Order No. 22490, filed on May 26, 2006, in Docket No. 05-0075 ("Decision and Order No. 22490").

I.

Background

In Decision and Order No. 14026, filed on July 28, 1995, in Docket No. 7260 ("Decision and Order No. 14026"), the commission approved the IRP and action plans proposed by KIUC's predecessor Kauai Electric ("KE"), a Division of Citizens Communications Company (formerly known as Citizens Utilities Company, Kauai Electric Division) and, among other things,

established a schedule for the filing of KE's 2nd IRP, pursuant to section III.B.2 of the IRP Framework.

By Order No. 14864, filed on August 8, 1996, in Docket No. 96-0266, the commission commenced KE's 2nd IRP cycle and ordered KE to submit its new IRP for commission review and approval by April 1, 1997, consistent with the IRP Framework and the schedule established in Decision and Order No. 14026. On April 1, 1997, KE filed its 1997 IRP (i.e., KE's 2nd IRP) and related program implementation schedule ("Action Plans") in Docket No. 96-0266. KE filed annual update reports to its 2nd IRP on July 31, 1998, and August 31, 1999.

By letter dated March 20, 2000, and filed on March 21, 2000, KE informed the commission of its intent to file an IRP update report in August 2000 rather than filing its 3rd IRP, as required under the IRP Framework since the pending sale of KE to KIUC raised certain questions regarding the value of committing resources to the current process as cooperative principles and philosophies may alter the direction that KE is currently taking ("March 21, 2000 Letter"). KE advised the commission that it discussed its plans with the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate")¹ and that the Consumer Advocate did not object to its proposal. On May 4, 2000, the commission approved KE's plans as set forth in its March 21, 2000 Letter. Accordingly, on August 7, 2000, KE filed its 2000 IRP update report.

¹The Consumer Advocate is an ex-officio party to all proceedings before the commission. See Hawaii Revised Statutes § 269-51; Hawaii Administrative Rules § 6-61-62.

On March 15, 2002, KE and KIUC filed an application in Docket No. 02-0060 requesting commission approval of the sale of KE's utility assets to KIUC. The commission approved the sale of KE's utility assets to KIUC, and related matters in Decision and Order No. 19658, filed on September 17, 2002, as amended by Decision and Order No. 19755, filed on October 30, 2002. In connection with the approval, the commission required KIUC to prepare and submit its proposed revised IRP and demand side management ("DSM") programs to the commission and the Consumer Advocate by December 31, 2003, for review and consideration.

By letter dated October 17, 2003, KIUC sought commission approval to: (1) defer the filing deadline of KIUC's revised IRP and DSM programs for one year (until December 31, 2004); and (2) suspend the submittal of IRP and DSM filings required by or related to the existing IRP Framework until a revised framework could be prepared and approved by the commission. On April 30, 2004, the commission issued Order No. 20957 in Docket No. 02-0060 ("Order No. 20957"), approving KIUC's requests.²

On December 23, 2004, KIUC filed its proposed revisions to its existing IRP Framework in accordance with Docket No. 02-0060. By Order No. 21707, filed on March 24, 2005,

²While the commission suspended the submittal of certain IRP and DSM filings, the commission specifically required the continued filing of reports that reconciled or compared KIUC's surcharges and actual expenditures for DSM programs. See Order No. 20957 at 5.

the commission opened a proceeding to examine KIUC's proposal to revise its IRP Framework, which became a matter of Docket No. 05-0075 ("Docket No. 05-0075"). In that proceeding, KIUC, among other things, requested "that the [c]ommission issue an order opening up an investigation for KIUC's integrated resource planning efforts"³ while indicating its intent to continue its IRP process under its existing IRP Framework.⁴ In Decision and Order No. 22490, the commission: (1) modified KIUC's IRP Framework, as detailed in the decision and order; (2) lifted the suspension of IRP and DSM filings required by or related to KIUC's existing IRP Framework as set forth in Docket No. 6617, which was approved in Order No. 20957; (3) stated that the commission would issue an order to commence an investigation of KIUC's IRP efforts in a new and separate proceeding (i.e., this proceeding); and (4) closed the docket.⁵

³See KIUC's Responses to the Division of Consumer Advocacy's Statement of Position and the Public Utilities Commission's Information Requests at 10, filed on November 10, 2005, in Docket No. 05-0075.

⁴Pursuant to the representations made in Docket No. 05-0075, KIUC filed its 2005 IRP update report on December 30, 2005, in Docket No. 96-0266. Subsequently, on May 24, 2006, KIUC and the Consumer Advocate, the only parties to Docket No. 96-0266, filed their Stipulation to Close Docket in Lieu of Evidentiary Hearings and Commission Action ("Parties' Stipulation"). Among other things, KIUC and the Consumer Advocate agreed that: (1) the five-year period covered by KIUC's Action Plans filed with its 2nd IRP in Docket No. 96-0266 (from 1997 through 2001) has already expired and that commission approval of KIUC's 2nd IRP may be inapplicable and moot for implementation purposes at this time; and (2) they should direct time and resources to the development of KIUC's 3rd IRP and Action Plans, as opposed to expending time and resources on the matters of Docket No. 96-0266. See Parties' Stipulation at 6-7, filed on May 24, 2006, in Docket No. 96-0266.

⁵See Decision and Order No. 22490 at 10.

II.

Discussion

Section III.B.2 of the IRP Framework requires each utility to conduct a major review of its IRP every three (3) years. This section specifically 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 [(3)] years."⁶ 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]."⁷ Section III.C.3 of the IRP Framework requires the utility to prepare, in consultation with the Consumer Advocate, and file with the commission a schedule that it intends to follow in the development of its IRP, within thirty (30) days of the opening of a docket to examine the utility's IRP efforts.

Based on the foregoing, the commission finds it appropriate to require KIUC to prepare, in consultation with the Consumer Advocate, and file with the commission its IRP schedule for its 3rd IRP cycle consistent with the IRP Framework, as modified by Decision and Order No. 22490, within thirty (30) days of the date of this Order.

⁶See A Framework for Integrated Resource Planning, revised May 22, 1992, attached to Decision and Order No. 11630, at 8.

⁷Id.

III.

Orders

THE COMMISSION ORDERS:

1. This docket is opened to examine KIUC's IRP efforts in its next IRP cycle, pursuant to Section III.C.1 of the IRP Framework, as modified.

2. Within thirty (30) days of the date of this Order, KIUC shall prepare, in consultation with the Consumer Advocate, and file with the commission its IRP schedule for its 3rd IRP consistent with the IRP Framework, as modified.

DONE at Honolulu, Hawaii this JUN 20 2006.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By (EXCUSED)
Wayne H. Kimura, Commissioner

By 
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:


Ji Sook Kim
Commission Counsel
KIUC IRP.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 22542 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

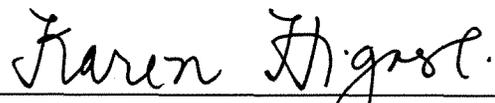
JOHN E. COLE
EXECUTIVE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
P. O. Box 541
Honolulu, HI 96809

DUTCH ACHENBACH
PRESIDENT AND CHIEF EXECUTIVE OFFICER
KAUAI ISLAND UTILITY COOPERATIVE
4463 Pahe'e Street
Lihue, HI 96766-2032

JOSEPH McCAWLEY
MICHAEL YAMANE
KAUAI ISLAND UTILITY COOPERATIVE
4463 Pahe'e Street
Lihue, HI 96766-2032

KENT D. MORIHARA, ESQ.
MICHAEL H. LAU, ESQ.
MORIHARA LAU & FONG LLP
Davies Pacific Center
841 Bishop Street, Suite 400
Honolulu, HI 96813

Attorneys for KAUAI ISLAND UTILITY COOPERATIVE



Karen Higashi

DATED: JUN 20 2006