

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

----- In the Matter of -----)
)
KAUAI ISLAND UTILITY COOPERATIVE)
)
Regarding Integrated Resource)
Planning.)
_____)

DOCKET NO. 2006-0165

ORDER NO. 23944

Filed December 28, 2007
At 12 o'clock P.M.

Stan Carl Dyer
for Chief Clerk of the Commission

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

Charles R. Linares

BEFORE THE PUBLIC UTILITIES COMMISSION
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KAUAI ISLAND UTILITY COOPERATIVE))	Docket No. 2006-0165
Regarding Integrated Resource)	Order No. 23944
Planning.)	
_____)	

ORDER

By this Order, the commission approves KAUAI ISLAND UTILITY COOPERATIVE's ("KIUC") request for an extension of time, from December 20, 2007, to December 20, 2008, to file its third integrated resource plan ("IRP-3") and program implementation schedules.¹

I.

Background

By Order No. 22542, filed on June 20, 2006, the commission initiated this proceeding to examine KIUC's IRP efforts in its next IRP cycle (i.e., IRP-3) in accordance with

¹The current parties to this proceeding are KIUC and the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate"), an ex-officio party to all proceedings before the commission. See Hawaii Revised Statutes § 269-51; Hawaii Administrative Rules ("HAR") § 6-61-62.

Section III.C.1 of the IRP Framework, as modified.² In that order, the commission directed KIUC to prepare, in consultation with the Consumer Advocate, and file its IRP schedule for its IRP-3 with the commission, consistent with the IRP Framework, as modified, within 30 days of the date of the order.

On July 11, 2006, KIUC filed its IRP schedule for its IRP-3 as directed ("IRP Schedule"). Under the IRP Schedule, KIUC was to file its IRP-3 with the commission on June 20, 2007. By letter dated and filed on June 12, 2007, KIUC requested an extension of time (from June 20, 2007, to December 20, 2007) to submit its IRP-3 ("First Extension Request"). Pursuant to HAR §§ 6-61-23 and 6-61-41,³ the commission granted KIUC's First Extension Request.⁴ Moreover, recognizing that Section III.C.4 of the IRP Framework requires the utility to complete its IRP and program implementation schedule within one year of commencing its planning cycle ("Section III.C.4 Framework Requirement"), the commission also waived the requirements of that section.

Subsequently, by letter dated and filed on December 17, 2007, KIUC further requests an extension of time, from

²The IRP Framework was 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, in Docket No. 6617 ("Docket No. 6617"). The framework was further modified by Decision and Order No. 22490, filed on May 26, 2006, in Docket No. 05-0075.

³Pursuant to: (1) HAR § 6-61-23(a)(1), the Commission for good cause shown may order a period enlarged if a written request is made before the expiration of the period originally prescribed; and (2) HAR § 6-61-41(e), motions that do not involve the final determination of a proceeding may be determined by the chairperson or commissioner.

⁴See Commission letter dated July 9, 2007

December 20, 2007, to December 20, 2008, pursuant to HAR § 6-61-23(a)(1), to file its IRP-3, and, to the extent necessary, another waiver of the Section III.C.4 Requirement ("2nd Extension Request Letter").

II.

Discussion

HAR § 6-61-23(a)(1) authorizes the commission, for good cause shown, to order a period enlarged if a written request is made before the expiration of the period originally prescribed or as extended by a previous order.

KIUC states that while it completed its final draft of its IRP-3 plan based on the information and analyses undertaken over the past 18 to 24 months, due to certain "key and new developments," it believes that material portions of its analyses that formed the basis of its conclusions and recommendations are now outdated and require further reconsideration and analyses. KIUC states that this is necessary in order for it to satisfy its mandate to approve and submit a preferred IRP plan for the commission's review and approval.

The "key and new developments" that KIUC cites in support of its 12-month extension request are: (1) KIUC's determination to reevaluate its initial decision to utilize coal for energy production, as reflected in its current draft IRP-3⁵; and (2) its conclusion that the currently utilized adequacy of

⁵For informational purposes only, KIUC attached a copy of its current draft IRP-3 as Exhibit 1 to its 2nd Extension Request Letter.

supply criteria, used to develop KIUC's current draft IRP-3, is not appropriate for its current generation planning needs.

First, KIUC contends that its preferred IRP plan, as set forth in its draft IRP-3, was to pursue a multi-fueled boiler fueled by biomass, coal, and municipal solid waste. To this end, Gay & Robinson originally planned an energy production facility aligned with KIUC's plans. However, according to KIUC, KIUC's Board of Directors ("Board") has become increasingly concerned about utilizing coal as an energy source in light of the "growing awareness and concern by the United States Congress and throughout the nation and the island of Kauai regarding the impacts of carbon emissions/greenhouse gases on the climate and the environment in general[.]"⁶ At this time, KIUC believes it is necessary to undertake further analyses of these impacts to determine the extent to which it should modify its IRP-3 "to take into consideration these impacts and instead target a higher mix of renewables than originally contemplated" in order for KIUC to accomplish its IRP objectives.⁷ Moreover, due to these same considerations, KIUC understands that Gay & Robinson recently changed its decision and that its planned energy production facility will no longer use coal as a fuel source.

Additionally, KIUC states that its current draft IRP-3 is based on an adequacy of supply criteria utilizing only an

⁶See KIUC's 2nd Extension Request Letter at 2.

⁷Id.

evening peak requirement,⁸ which is consistent with the criteria used in its adequacy of supply reports filed with the commission pursuant to Section 5.3 of General Order No. 7. Based on this, KIUC's states that its next generation addition is not required until the year 2015. Recently, however, KIUC contends that it has experienced an increase in generation-related outages, primarily due to aging equipment. Upon review, "KIUC has concluded that this reserve criteria/method is not appropriate for its current generation planning needs, and that KIUC should begin planning for its next generation addition in the very near future, which materially impacts the conclusions and recommendations in KIUC's [current draft] IRP-3."⁹

In connection with the above, KIUC is planning on seeking commission "clarification and/or authorization" that its adequacy of supply criteria/method include a morning peak requirement in addition to an evening peak requirement, on a going forward basis. "Specifically, KIUC will be requesting that its adequacy of supply criteria on a going forward basis be that KIUC has sufficient reserve capacity available to meet its (1) evening peak load with its largest generator unit out for any reason, and (2) morning peak load with its largest generator unit out for any reason and its third largest generator unit out for scheduled maintenance."¹⁰ KIUC contends that use of both the

⁸This means that KIUC has sufficient reserve available to meet its evening peak load with its largest generator unit out.

⁹See KIUC's 2nd Extension Request Letter at 2.

¹⁰Id.

morning and evening peak criteria will more accurately reflect the operating characteristics of its current electric system and the timing of when new generation additions should be required.

KIUC contends that the 12-month extension is necessary, reasonable, and prudent for it to adequately consider and address the key developments.¹¹ To illustrate its timetable, KIUC attached its Second Amended and Updated 3rd IRP Schedule as Exhibit 2 to its letter indicating the various steps needed and the timelines that KIUC intends to undertake in order to revise, finalize, and submit its IRP-3 to the commission for review and approval. Moreover, KIUC represents that the Consumer Advocate does not object to its extension request.

Upon review, the commission finds good cause to approve KIUC's request for an extension of time to file its IRP-3 and program implementation schedules. This decision is based on KIUC's representations outlined above. Accordingly, the commission approves the extension of time from December 20, 2007, to December 20, 2008, for KIUC to file its IRP-3. Under the circumstances, the commission also finds and concludes that adherence to the IRP Framework, is impracticable, at this time, and that a waiver of the Section III.C.4 Framework Requirement is warranted, as applicable.

¹¹Within that period of time, KIUC outlines that it will need to: (1) study the impacts of KIUC using coal in the future and the timing of its next generation addition; (2) modify the plan accordingly; (3) consult with its advisory group and Board regarding the changes; (4) obtain comments, if any; (5) make any prudent changes to the document prior to submitting it to the Board for approval; and (6) then, submit it to the commission pursuant to the IRP Framework.

III.

Orders

THE COMMISSION ORDERS:


1. KIUC's request, submitted on December 17, 2007, for an extension of time, from December 20, 2007, to December 20, 2008, to file its IRP-3 plan and program implementation schedules is approved.

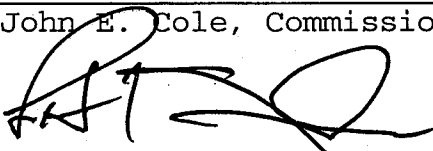
2. The Section III.C.4 Framework Requirement is waived, as applicable.

DONE at Honolulu, Hawaii DEC 28 2007.

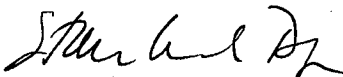
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
John E. Cole, Commissioner

By 
Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:


for Ji Sook Kim
Commission Counsel

2006-0165.sl

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 23944 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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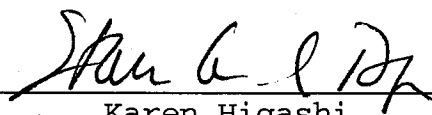
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DATED: DEC 28 2007


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