

incurred costs. As such, the commission will also refrain from making any decision as to the specific recovery mechanism or the terms of any recovery mechanism (e.g., amortization period or carrying treatment).

The Consumer Advocate recommends that HECO be required "to aggressively administer and manage the studies to mitigate the costs and likely impact on HECO's customers and [] document and provide that documentation when seeking recovery of the incurred costs from ratepayers." The commission agrees with the Consumer Advocate that prudence review would encompass the issue of whether HECO "aggressively administer[ed] and manage[d]" costs and documentation would be required by HECO to satisfy its burden of proof.

In addition to the reasons stated in the SOP, the commission notes that it is concerned that the Studies were undertaken without prior commission review (contrary to the mechanism proposed by HECO for the Renewable Energy Infrastructure Surcharge (Docket No. 2007-0416)). In its subsequent prudence review, HECO should provide the commission with comparable evaluation of other options to that which it conducts for Big Wind, be it through the Studies or other means. Such alternatives could include residential PV, large-scale PV, biomass, biofuel and concentrated solar options. Alternatives could also include renewable energy project proposals that HECO rejected in the past two years due to completion dates and transmission concerns. In addition, as part of any prudence

review, the commission expects that the Studies would enable the commission to answer the following questions: 1) What is the total cost of Big Wind (including the costs of the undersea cable, Oahu transmission and distribution upgrades, purchased power, and changes in the generation fleet to support Big Wind); 2) Are there viable alternatives to Big Wind for meeting the State's Renewable Portfolio Standards, HRS § 269-92; and 3) What are the costs of all alternatives to Big Wind (including any projects that arose through competitive bidding, grandfathered projects, recently declined PPA requests, concentrated solar, distributed solar PV, large-scale solar PV, biofuel and biomass projects).

DONE at Honolulu, Hawaii DEC 11 2009.

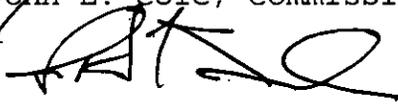
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
John E. Cole, Commissioner

APPROVED AS TO FORM:


Stacey Kawasaki Djou
Commission Counsel


By
Leslie H. Kondo, Commissioner

2009-0162.laa

CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail, postage prepaid, and properly addressed to the following parties:

DEAN NISHINA
EXECUTIVE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
P.O. Box 541
Honolulu, HI 96809

DEAN K. MATSUURA
MANAGER, REGULATORY AFFAIRS
HAWAIIAN ELECTRIC COMPANY, INC.
P.O. Box 2750
Honolulu, HI 96840-0001