

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

----- In the Matter of -----)
HAWAIIAN ELECTRIC COMPANY, INC.)
Application for Approval of a)
Service Contract with the State)
of Hawaii Department of)
Transportation Highways Division,)
Account No. 9400-4323-001)
_____)

DOCKET NO. 02-0073

DECISION AND ORDER NO. 19914

Filed Dec. 18, 2002
At 11:30 o'clock A.M.

Karen Higashi
Chief Clerk of the Commission

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

2002 DEC 18 P 3:45

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Commission, State of Hawaii.

K. Higashi

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----- In the Matter of -----)	
HAWAIIAN ELECTRIC COMPANY, INC.)	Docket No. 02-0073
Application for Approval of a)	Decision and Order No. 19914
Service Contract with the State)	
of Hawaii Department of)	
Transportation Highways Division,)	
Account No. 9400-4323-001)	
_____)	

DECISION AND ORDER

I.

By an application filed on April 2, 2002, HAWAIIAN ELECTRIC COMPANY, INC. (HECO) requests commission approval of a Service Contract with the State of Hawaii Department of Transportation (DOT), Highways Division, dated February 21, 2002 and amended on July 3, 2002 (Service Contract), in accordance with HECO's Rule No. 4, Service Contracts.¹

¹HECO's Rule No. 4(C) provides:

Form contracts for service other than regular utility service provided under the provisions of the tariffs contained in these rules, are contained in these rules and are authorized by the Public Utilities Commission. Special contracts for service other than that provided under the tariffs or attached form contracts must be authorized by the Public Utilities Commission prior to the effective date of said contract.

Each contract for service will contain a statement that it shall at all times be subject to changes or modifications by the Public Utilities Commission as said Commission may

Copies of the application were served on the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy (Consumer Advocate). By position statement filed on October 28, 2002, the Consumer Advocate states that it does not object to approval of the application.

II.

HECO is a corporation organized under the laws of the Kingdom of Hawaii on or about October 13, 1891, and now exists under and by virtue of the laws of the State of Hawaii. HECO is an operating public utility engaged in the production, purchase, transmission, distribution, and sale of electric energy on the island of Oahu.

III.

A.

DOT is subject to HECO's Schedule J, General Service Demand, in the determination of its electrical rates. The "Determination of Demand" provision of the Schedule J tariff states:

The maximum demand for each month shall be the maximum average load in kilowatt (kW) during any fifteen-minute period as indicated by a demand meter. The billing demand for each month shall be the maximum demand for such month but not less than 75% of the greatest maximum demand for the preceding eleven months nor less than 25 kW.

from time to time direct in the exercise of its jurisdiction.

Use of the "racheted" kW demand billing method described in the Schedule J tariff would result in customers' billing statements being based on the highest of: (1) the current month's maximum measured kW demand, (2) 75 per cent of the greatest maximum demand of the preceding 11 months, or (3) 25 kW.

HECO states that DOT performs quarterly H-3 Tunnel ventilation fan testing to ensure its operational readiness in the event of a major tunnel accident. DOT requested an exemption from the Schedule J tariff ratcheted method for those instances when DOT schedules its H-3 Tunnel quarterly ventilation fan tests. The Service Contract would allow DOT an exemption of the kW energy demand measured during the quarterly ventilation fan testing from the basis for calculating the monthly kW billing demand for the subsequent eleven months. Specifically, the Service Contract, as amended by HECO and DOT on July 3, 2002, includes the following conditions:

1. At the end of each calendar year, DOT will notify HECO in writing of the ventilation fan testing dates and times for the succeeding calendar year.
2. DOT will conduct ventilation fan tests only from 9:00 p.m. to 7:00 a.m., during HECO's off-peak hours.²
3. DOT will, at its expense, provide and maintain telephone communication services, as specified by HECO, to allow for the remote download of its load data from the meters.
4. Ventilation fan testing will not exceed four periods per calendar year.
5. If DOT's maximum measured kW demand in a billing period occurs when the quarterly ventilation fan testing is conducted, it will be billed for this

²HECO indicates that the test days will be Wednesdays.

maximum measured kW demand for that billing period only. DOT's maximum measured kW demand during the quarterly ventilation fan testing period, if it is the "highest" measured demand over a rolling 12-month period, will not be used in determining the billing kW demand charge for the succeeding 11 billing periods.

6. Either party may terminate the agreement with a 30-day written notification if the terms of the agreement are not met.
7. The agreement shall be for three years, commencing with the date approved by the commission, and will continue thereafter, on a year-to-year basis, unless terminated by either party on a 30-day written notice.

C.

Based upon HECO's application and responses to its information requests, the Consumer Advocate determined that DOT requested the exemption for various reasons. Specifically, DOT informed HECO that the testing of the fans:

1. Result in a higher than normal kW demand for the particular month in which testing occurs, and cause DOT's bills to be higher than normal for the succeeding 11 months following the testing period;
2. Is completed once each quarter, so the energy consumed during the month of testing is not reflective of the normal monthly kW demand requirement for the H-3 Tunnel;
3. Is in the public interest because it is done to ensure DOT's operational readiness in the event of a major tunnel accident; and
4. Will not have an adverse impact on the dispatch of generating units and/or system reliability because it will be done during HECO's off-peak hours.

The Consumer Advocate, after considering the above-mentioned reasons for the exemption request, determined that the seven

conditions contained in the Service Contract appear to be reasonable.

DOT informed HECO that it has taken steps to coordinate the fan testing to "minimize the peak load impact" at the H-3 Tunnel. As a result of such plan, DOT intends to ramp up to 16 200 horsepower fans in approximately two 45-minute intervals and up to 12 200 horsepower fans in approximately four 30-minute intervals. The Consumer Advocate states that testing the fans during off-peak hours in the prescribed manner would result in "no adverse impact on the dispatch of generating units and/or system reliability."

HECO also contends that the exemption from the use of the Schedule J tariff will result in a lower monthly bill for the H-3 Tunnel account. To support such claim, HECO prepared four case studies demonstrating the amount of savings DOT will derive from the use of the billing exemption set forth in the Service Contract. In the first two cases where 16 fans would be tested, HECO estimates that the amount of savings will be approximately \$14,332 per year, or about 2.5 per cent of DOT's total billing. In the next two cases, HECO also projected that the amount of savings will be approximately \$74,180, or about 10.9 per cent of DOT's total billing, where all 28 fans are tested. As a result of these projected savings, the Consumer Advocate states that DOT's monthly payments made to HECO in the months in which the fans are not tested will benefit the general public or taxpayers.

In addition to the aforementioned reasons for approving HECO's application, the Consumer Advocate states that it believes

public safety will be enhanced, since periodic testing will assist DOT in its desire to "ensure its operational readiness in the event of a major tunnel accident."

D.

Upon careful review of the record, the commission finds that the Service Contract is reasonable and consistent with the public interest, and in compliance with HECO's Rule No. 4. In particular, the Service Contract will: (1) enhance public safety; (2) provide DOT with substantial savings in its account billing, which should ultimately benefit the general public; and (3) likely have no adverse impact on the dispatch of generating units and/or system reliability. As a result, the commission concludes that the Service Contract between HECO and DOT, dated February 21, 2002 and amended on July 3, 2002, should be approved.


IV.

THE COMMISSION ORDERS that the Service Contract between HECO and DOT, dated February 21, 2002 and amended on July 3, 2002, is approved.

DONE at Honolulu, Hawaii this 18th day of December,
2002.

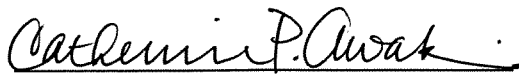
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Wayne H. Kimura, Chairman

By 
Janet E. Kawelo, Commissioner

By _____ (RECUSED)
Gregg J. Kinkley, Commissioner

APPROVED AS TO FORM:


Catherine P. Awakuni
Commission Counsel

02-0073.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 19914 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

WILLIAM A. BONNET
VICE PRESIDENT, GOVERNMENT AND COMMUNITY AFFAIRS
HAWAIIAN ELECTRIC COMPANY, INC.
P. O. Box 2750
Honolulu, HI 96840-0001



Karen Higashi

DATED: December 18, 2002