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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
)
 HAWAIIAN ELECTRIC COMPANY, INC.)
)
 To Modify its Rule 14 to Establish)
 Interconnection Standards and to)
 Require an Interconnection)
 Agreement for Distributed)
 Generating Facilities.)
 Transmittal No. 02-01.)

DOCKET NO. 02-0051
(CONSOLIDATED)

In the Matter of the Application of)
)
 HAWAII ELECTRIC LIGHT COMPANY, INC.)
)
 To Modify its Rule 14 to Establish)
 Interconnection Standards and to)
 Require an Interconnection)
 Agreement for Distributed)
 Generating Facilities.)
 Transmittal No. 02-02H.)

In the Matter of the Application of)
)
 MAUI ELECTRIC COMPANY, LIMITED)
)
 To Modify its Rule 14 to Establish)
 Interconnection Standards and to)
 Require an Interconnection)
 Agreement for Distributed)
 Generating Facilities.)
 Transmittal No. 02-01M.)

RECEIVED
2003 MAY 30 P 4: 19
DIV. OF CONSUMER AFFAIRS
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
STATE OF HAWAII

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

K. Higashi

ORDER NO. 20220

Filed May 30, 2003
At 2:00 o'clock P.M.
Karen Higashi
Chief Clerk of the Commission

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
HAWAIIAN ELECTRIC COMPANY, INC.)
To Modify its Rule 14 to Establish)
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Docket No. 02-0051

(Consolidated)

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To Modify its Rule 14 to Establish)
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In the Matter of the Application of)
MAUI ELECTRIC COMPANY, LIMITED)
To Modify its Rule 14 to Establish)
Interconnection Standards and to)
Require an Interconnection)
Agreement for Distributed)
Generating Facilities.)
Transmittal No. 02-01M.)

ORDER

I.

This docket arises out of a joint request by HAWAIIAN ELECTRIC COMPANY, INC. (HECO), HAWAII ELECTRIC LIGHT COMPANY, INC. (HELCO), and MAUI ELECTRIC COMPANY, LIMITED (MECO) (collectively, "utilities"), to establish standard

interconnection standards and a standard interconnection agreement for distributed generating facilities operating in parallel with the utility's respective electrical systems. The utilities and the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy (Consumer Advocate), are the parties to this docket (collectively, "parties").

By Decision and Order No. 20056, filed on March 6, 2003, the commission approved the parties' joint revised submission, effective from March 21, 2003.¹ In follow-up thereto, on March 14, 2003, the utilities filed their respective tariff sheets.

By letter dated May 23, 2003, the utilities seek the commission's approval to amend the insurance provision set forth in Appendix II of the standard interconnection agreement. This order addresses the utilities' request.

II.

In general, paragraph 19 of the standard interconnection agreement, aka the insurance provision, requires that distributed generation customers have in effect a commercial general liability policy that will cover the customer, affected utility, and their respective facilities and operations. The minimum coverage amount: (1) is based on the nameplate rating of the customer's generator; and (2) is specified in paragraph 19.

¹The joint revised submission consists of: (1) modifications to Rule 14, consisting of a paragraph H; (2) interconnection standards (Appendix I to Rule 14); (3) the standard interconnection agreement (Appendix II to Rule 14); and (4) interconnection procedures (Appendix III to Rule 14).

The utilities propose to add the following sentence at the end of paragraph 19, to apply to governmental entities that are distributed generation customers:

Alternatively, as a governmental entity, Customer may elect to be self-insured for the amounts set forth above in lieu of obtaining insurance coverage to those levels from an insurance company.

By way of explanation, HECO states:

1. In HECO's current negotiations to establish an interconnection agreement, a governmental entity "took the position that it should be allowed to be self-insured for the required levels in lieu of obtaining insurance coverage for the required levels from an insurance company."
2. "HECO believes that governmental entities generally have the financial wherewithal to be self-insured in lieu of obtaining insurance coverage for the amounts specified in the Standard Interconnection Agreement."

In addition, the utilities represent that the Consumer Advocate does not object to the proposed addition to paragraph 19.

In general, the commission recognizes the government's ability to self-insure. The proposed addition incorporates this option. Upon review, the commission will approve as reasonable the utilities' request to add their proposed sentence at the end of paragraph 19, aka the insurance provision.

III.

THE COMMISSION ORDERS:

1. The utilities' request, dated May 23, 2003, to amend Appendix II of their respective standard interconnection agreements, by adding a new sentence at the end of paragraph 19,


aka the insurance provision, is approved, effective upon the filing of their revised tariff sheets.

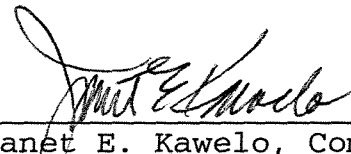
2. The utilities shall promptly file their respective tariff sheets, consistent with the terms of this order: (A) incorporating the appropriate issued and effective dates; and (B) with two copies served on the Consumer Advocate.

DONE at Honolulu, Hawaii this 30th day of May, 2003.


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

02-0051.sl4

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 20220 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

WARREN H. W. LEE, PRESIDENT
HAWAII ELECTRIC LIGHT COMPANY, INC.
P. O. Box 1027
Hilo, HI 96721-1027

EDWARD L. REINHARDT, PRESIDENT
MAUI ELECTRIC COMPANY, LIMITED
P.O. Box 398
Kahului, HI 96733-6898

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

Attorney for HECO, HELCO and MECO



Karen Higashi

DATED: May 30, 2003