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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.)
For Approval of a Residential New)
Construction Program, Recovery of)
Program Costs and Lost Revenues,)
And Consideration for Shareholder)
Incentives.)
_____)

DOCKET NO. 94-0216

ORDER NO. 20689

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Filed Nov. 26, 2003
At 9 o'clock a.M.

for Brooke K. Nagaji
Chief Clerk of the Commission

ATTEST: A True Copy
BROOKE K. NAGAJI
Administrative Director
Public Utilities Commission
State of Hawaii
B. Nagaji

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
HAWAIIAN ELECTRIC COMPANY, INC.) Docket No. 94-0216
For Approval of a Residential New) Order No. 20689
Construction Program, Recovery of)
Program Costs and Lost Revenues,)
And Consideration for Shareholder)
Incentives.)
_____)

ORDER

I.

Background

On May 29, 1996, the commission issued Decision and Order No. 14709 approving HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO") first and existing five-year residential new construction ("RNC") demand-side management ("DSM") program.¹ As a result, HECO's existing RNC DSM program was implemented beginning in 1996, and its five-year implementation period ended on December 31, 2000. HECO was, nonetheless, allowed to continue the RNC DSM program for one additional year (from December 31, 2000 to December 31, 2001).²

On November 15, 2001, the commission issued Order No. 18207 in Docket No. 00-0209 approving the parties'

¹Decision and Order No. 14709, filed on May 29, 1996, in Docket No. 94-0216.

²Order No. 18207, filed on November 27, 2000, in Docket No. 94-0216

October 12, 2001 Stipulation ("Stipulation").³ Among other things, the Stipulation allowed HECO to temporarily continue its existing RNC DSM program approved in Docket Nos. 94-0216,⁴ until HECO's next rate case, in lieu of seeking approval of its new residential DSM program application in Docket No. 00-0209.⁵

HECO, by letter dated and filed on October 1, 2003, requests commission approval to increase the 2003 budget for its existing RNC DSM program by \$400,000 (from \$662,307 to \$1,062,307) in response to higher than initially forecasted customer participation in the program.

II.

Discussion

In Decision and Order No. 14709, the commission approved the identical cost recovery mechanisms and/or measures previously approved by the commission by Decision and Order No. 14638, filed on April 22, 1996, in Docket Nos. 94-0010, 94-0011, and 94-0012 (consolidated) (approval of HECO's commercial and industrial DSM programs). Specifically, the commission allowed HECO the

³Besides HECO, the parties in Docket No. 00-0209 are comprised of the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs ("Consumer Advocate), Life of the Land ("LOL"), and Hawaii Solar Energy Association, Inc. ("HSEA").

⁴Decision and Order No. 14709, filed on May 29, 1996, in Docket No. 94-0216.

⁵HECO's next rate case, as of the date of this order, will be utilizing a 2005 test year in accordance with Hawaii Administrative Rules ("HAR") § 6-61-87(4)(A) and (B). See Order No. 20392, filed on August 26, 2003, in Docket No. 00-0209.

flexibility to, among other things, "exceed a yearly program budget by not more than 25 per cent if a program is oversubscribed and lower incentive levels appear to reduce customer participation." Decision and Order No. 14638 at 14.

Thus, pursuant to the aforesaid flexibility provision, HECO asserts that it has the flexibility to exceed its 2003 RNC DSM program budget of \$662,307 by only \$165,576 (25 per cent of \$662,307 which amounts to a total, revised budget of \$827,883). Based on program costs incurred to date and forecasted customer participation, HECO represents the following:

[T]his [total,] revised budget of \$827,883 will only provide additional funding for the RNC [DSM program] through October 2003. HECO is requesting an additional \$234,424 (\$400,000-\$165,576) to provide funding for the remainder of 2003 in order to not have to temporarily stop the RNC [DSM program], which would be disruptive to customers and contractors that have scheduled the installation of solar systems and other energy efficient water heating measures in the fourth quarter of 2003, until funding becomes available through the 2004 RNC [DSM program] budget.

HECO further represents that the Consumer Advocate, LOL, and HSEA do not object to HECO's request to increase the 2003 RNC DSM program budget by \$400,000.

Upon review of the record including, but not limited to, HECO's representations, we find that the increase in HECO's 2003 budget for its existing RNC DSM program by \$400,000 (from \$662,307 to \$1,062,307) is reasonable and in the public interest. Accordingly, we conclude that HECO's request to increase the 2003

budget for its existing RNC DSM program by \$400,000 (from \$662,307 to \$1,062,307) in response to higher than initially forecasted customer participation in the program should be approved.

III.

Order

THE COMMISSION ORDERS that HECO's request to increase the 2003 budget for its existing RNC DSM program by \$400,000 (from \$662,307 to \$1,062,307) in response to higher than initially forecasted customer participation in the program should be approved.

DONE at Honolulu, Hawaii this 26th day of November, 2003.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By Carlito P. Caliboso
Carlito P. Caliboso, Chairman

By Wayne H. Kimura
Wayne H. Kimura, Commissioner

APPROVED AS TO FORM:

By Janet E. Kawelo
Janet E. Kawelo, Commissioner

Kris N. Nakagawa
Kris N. Nakagawa
Commission Counsel

94-0216.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 20689 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

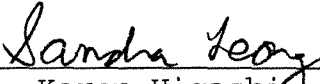
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for Karen Higashi

DATED: November 26, 2003