

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application Of)  
HAWAII ELECTRIC LIGHT COMPANY, INC.)  
Application for Approval of a )  
Combined Heat and Power Agreement )  
With Koa Hotel, LLC, and Approval )  
to Include the Combined Heat and )  
Power System Fuel Costs in Hawaii )  
Electric Light Company, Inc.'s )  
Energy Cost Adjustment Clause. )

DOCKET NO. 04-0366

ORDER NO. 21554

Filed January 21, 2005  
At 10 o'clock A .M.

*for* Brodie K. Kane  
Chief Clerk of the Commission

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

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

Brodie K. Kane

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\_\_\_\_\_)

Docket No. 04-0366

Order No. **21554**

ORDER

By this order, the commission suspends Hawaii Electric Light Company, Inc.'s ("HELCO") Application requesting the commission to approve a combined heat and power ("CHP") agreement with Koa Hotel, LLC, and to include the combined heat and power system fuel costs in HELCO's Energy Cost Adjustment Clause ("ECAC"), as further described herein.

I.

Introduction

On December 17, 2004, HELCO filed an Application requesting the commission to: (1) approve its Combined Heat and Power Agreement ("CHP Agreement") with Koa Hotel, LLC ("Koa Hotel"), dated October 6, 2004; (2) approve the inclusion of the CHP system fuel costs, ground transportation and related taxes in HELCO's ECAC to the extent that the costs are not recovered in HELCO's base rates; (3) approve modification of

HELCO's ECAC to facilitate the recovery of the incurred Koa Hotel CHP system fuel costs, ground transportation and related taxes; (4) approve the modification to HELCO's quarterly filed avoided energy cost rates related to the modification of HELCO's ECAC; and (5) grant HELCO such other relief and further relief as may be just and equitable in the premises.

On December 17, 2004, HELCO served copies of its Application on the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs ("Consumer Advocate").

## II.

### Discussion

On October 21, 2003, the commission opened a generic investigative docket on distributed generation which also includes issues relating to CHP.<sup>1</sup> The purpose of Docket No. 03-0371 is to investigate and examine the potential benefits and impacts on distributed generation on Hawaii's

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<sup>1</sup>On October 21, 2003, the commission instituted an investigation to examine the potential benefits and impacts of distributed generation on Hawaii's electric distribution systems and market. Through this docket, the commission intends to address the generic distributed generation issues affecting the electric industry in Hawaii. These issues include, but are not limited to: (1) addressing interconnection matters; (2) determining who should own and operate distributed generation projects; (3) identifying what impacts, if any, distributed generation will have on Hawaii's electric distribution systems and market; (4) defining the role of regulated electric utility distribution companies and the commission in the deployment of distributed generation in Hawaii; (5) identifying the rate design and cost allocation issues associated with the deployment of distributed generation facilities; and (6) developing the necessary revisions to the integrated resource planning process, if necessary. See Order No. 20582, filed on October 21, 2003, in Docket No. 03-0371.

electric distribution system and market. The commission held hearings on Docket No. 03-0371 on December 8-10, 2004.<sup>2</sup> The commission intends that the policies and framework developed in Docket No. 03-0371 will form the basis for rules and regulations deemed necessary to govern participation into Hawaii's electricity market through distributed generation. Further, the commission believes that issues related to CHP should not be examined in a vacuum and that the commission must consider the dynamic interactions of CHP with other sources of generation, as well as the demand and load created by the end users.

Upon review and based on the above, we find it appropriate and prudent at this juncture to suspend HELCO's Application in this docket until, at the minimum, the matters in Docket No. 03-0371, have been adequately addressed.

Upon reopening the matter, the commission intends to entertain any request for leave by HELCO to update or amend its Application due to any changes in circumstances such as the commission's decision in Docket No. 03-0371.

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<sup>2</sup>Post hearing briefs are due four (4) weeks from the date the transcripts of the hearing are filed with the commission. Reply post hearing briefs are due three (3) weeks from the date the post hearing briefs are due.

III.

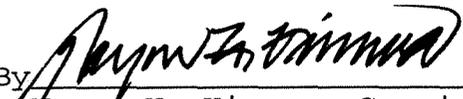
Orders

THE COMMISSION ORDERS that HELCO's Application, filed on December 17, 2004, is suspended until further order of the commission.

DONE at Honolulu, Hawaii JAN 21 2005

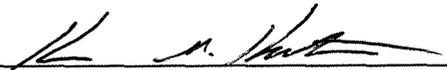
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By   
Carlito P. Caliboso, Chairman

By   
Wayne H. Kimura, Commissioner

By   
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:

  
Kevin M. Katsura  
Commission Counsel

04-0366.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 21554 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

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

PATSY NANBU  
DIRECTOR, REGULATORY AFFAIRS  
HAWAIIAN ELECTRIC COMPANY, INC.  
P.O. Box 2750  
Honolulu, HI 96840-0001

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



  
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Karen Higashi

DATED: **JAN 21 2005**