

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
HAWAIIAN ELECTRIC COMPANY, INC.)
For Approval of Rate Increases and)
Revised Rate Schedules and Rules.)

DOCKET NO. 04-0113

ORDER NO. 21727

Filed April 8, 2005
At 3 o'clock P.M.

Karen Higashi.
Chief Clerk of the Commission

RECEIVED
2005 APR 11 A 8:00
DIV. OF CONSUMER ADVOCACY
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.

In the Matter of the Application of)
HAWAIIAN ELECTRIC COMPANY, INC.)
For Approval of Rate Increases and)
Revised Rate Schedules and Rules.)
_____)

Order No. 21727

On March 29, 2005, the Parties jointly filed the Stipulated Prehearing Order for commission review and approval, pursuant to the request of the commission by

Order No. 21698 ("Order No. 21698"),¹ filed on March 16, 2005, in Docket Nos. 04-0113 and 05-0069.²

Upon review, the commission finds the Parties' Stipulated Prehearing Order to be reasonable. Accordingly, the commission will approve the Parties' stipulation, attached hereto as Exhibit 1, provided that the following amendment is made to Section E.1.: The Parties shall provide the commission with an original and eleven (11) copies of testimony, exhibits, workpapers, information requests, responses to information requests, and briefs. The Parties are reminded to submit electronic copies of all documents, whenever possible, to the commission in the standard programming format for filings in this proceeding: Word 97, Word 2000, or Word 2003.

In addition, the commission notes that the nine-month deadline for the issuance of a final decision is August 12, 2005.³ Nonetheless, we construe the Parties' agreement to schedule an evidentiary hearing beginning September 12, 2005 as also an

¹In the Stipulated Prehearing Order, the Parties inadvertently stated they were filing the document pursuant to Order No. 20860 instead of Order No. 21698. In addition, the Parties noted that the Order directed HECO and the Consumer Advocate to meet informally to determine the issues, procedures, and schedule with respect to this proceeding. Order No. 21698 requested that all of the Parties, including DoD, meet to accomplish such tasks.

²Order No. 21698 required that the Parties file the Stipulated Prehearing Order ten (10) days after the filing of Order No. 21698, or by March 28, 2005. On March 28, 2005, HECO, on behalf of the Parties, requested an extension of time from March 28, 2005 until March 30, 2005 to file the Stipulated Prehearing Order. The commission granted HECO's request on March 30, 2005.

³Hawaii Revised Statutes ("HRS") § 269-16(d).

agreement to waive the requirement that a final decision and order in this matter be issued within the nine-month period, i.e., by August 12, 2005.⁴ The commission will approve this agreement to waive the nine-month deadline, pursuant to HRS § 91-9(d) and Hawaii Administrative Rules § 6-61-35.

II.

ORDERS

THE COMMISSION ORDERS:

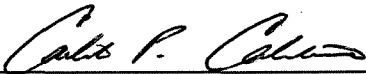
1. The Parties' Stipulated Prehearing Order, filed on March 29, 2005, is approved, subject to the modification of Section E.1., to provide the commission with an original and eleven (11) copies of each filing.


2. The Parties' agreement to waive the nine-month deadline by which the commission must issue a final decision and order in this matter is approved.

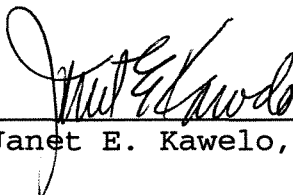
⁴Unless ordered otherwise, the ten-month deadline governing the issuance of a timely interim decision, if any, still applies. See HRS § 269-16(d).

DONE at Honolulu, Hawaii APR - 8 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:


Catherine P. Awakuni
Commission Counsel

04-0113.ah

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In The Matter Of the Application Of)	
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HAWAIIAN ELECTRIC COMPANY, INC.)	DOCKET NO. 04-0113
)	
For Approval of Rate Increases and Revised)	
Rate Schedules and Rules, and for Approval)	
and/or Modification of Demand-Side and Load)	
Management Programs and Recovery of Program)	
Costs and DSM Utility Incentives.)	
_____)	

STIPULATED PREHEARING ORDER NO. _____

Filed _____, 2005

At _____ o'clock _____.M.

Chief Clerk of the Commission

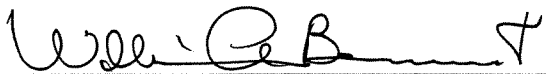
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Rate Schedules and Rules, and for Approval)	
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Management Programs and Recovery of Program)	
Costs and DSM Utility Incentives.)	
_____)	


STIPULATED PREHEARING ORDER

Applicant Hawaiian Electric Company, Inc. ("HECO"), the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs (the "Consumer Advocate"), and the Department of the Navy on behalf of the Department of Defense ("DOD") hereby stipulate that the attached Stipulated Prehearing Order is mutually acceptable to each respective party.

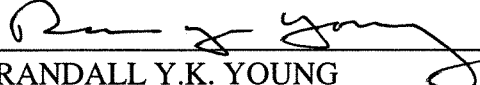
DATED: Honolulu, Hawaii, March 29, 2005.



WILLIAM A. BONNET
Vice President, Government and
Community Affairs
Hawaiian Electric Company, Inc.



JOHN E. COLE
Executive Director
Division of Consumer Advocacy
Department of Commerce and Consumer Affairs



RANDALL Y.K. YOUNG
Attorney for
Department of the Navy on behalf of the
Department of Defense

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and/or Modification of Demand-Side and Load)	
Management Programs and Recovery of Program)	
Costs and DSM Utility Incentives.)	
<hr/>)	

STIPULATED PREHEARING ORDER

On November 12, 2004, Hawaiian Electric Company, Inc. ("HECO") filed an application requesting approval of rate increases and revised rate schedules and rules, and for approval and/or modification of demand-side and load management programs and recovery of program costs and demand side management ("DSM") utility incentives ("Application").

HECO served copies of the Application on the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs ("Consumer Advocate" or "CA"). On December 2, 2004, the Consumer Advocate submitted its Statement of Position Regarding Completeness of the Application.

On December 8, 2004, the Rocky Mountain Institute ("RMI") filed a Motion to Intervene. HECO and the Consumer Advocate filed memoranda in opposition to RMI's Motion to Intervene. On January 24, 2005, RMI filed a response and on February 2, 2005, HECO responded to RMI's response.

On January 12, 2005, the Commission held a public hearing at the Kaimuki High School

Auditorium to gather public comments on this docket.

On January 19, 2005, the DOD filed its Motion to Intervene. On January 26, 2005, the Consumer Advocate submitted a memorandum in support of DOD's Motion to Intervene. HECO filed a letter on January 28, 2005 indicating that it does not oppose the granting of intervenor status to the DOD.

On January 24, 2005, the County of Maui filed a motion for extension of time to intervene. On February 14, 2005, County of Maui filed a motion for participation without intervention. On February 23, 2005, HECO submitted its opposition to the County of Maui's motion.

On January 24, 2005, Joseph Speroni and Life of the Land filed motions to participate and to intervene, respectively. On January 31, 2005, HECO filed its opposition to Joseph Speroni's motion to participate. On February 2, 2005 HECO filed its opposition to Life of the Land's motion. On February 10, 2005, Joseph Speroni responded to HECO's opposition to his motion.

By Order No. 21698, issued on March 16, 2005, the Commission (1) separated HECO's request for approval and/or modification of demand-side and load management programs and recovery of program costs and DSM utility incentives (the Proposed DSM Programs") from Docket No. 04-0113 (the "Rate Case Docket"), and opened a new docket (the "Energy Efficiency Docket"), and (2) determined among other things, the parties for the Rate Case Docket. The Commission granted the DOD's motion to intervene in the Rate Case docket. The Commission denied the motions to intervene by RMI and Life of the Land and the motions to

participate by County of Maui and Joseph Speroni in the Rate Case Docket.¹

By Order No. 20860, the Commission ordered HECO, and the Consumer Advocate to meet informally to determine the issues, procedures, and schedule with respect to this proceeding, to be set forth in a stipulated prehearing order to be submitted within 10 days (by March 28, 2005)² from the date of Order No. 20860.

HECO, the Consumer Advocate, and the DOD (the "Parties") have reached agreement on the prehearing matters and submitted a Stipulated Prehearing Order acceptable to the Parties.

ACCORDINGLY, IT IS ORDERED that the following Statement of Issues, Schedule of Proceedings, and procedures shall be utilized in this docket.

I. STATEMENT OF THE ISSUES

The issues in this case are:

1. Is HECO's proposed rate increase reasonable?
 - a. Are the proposed tariffs, rates, charges and rules just and reasonable?
 - b. Are the revenue forecasts for Test Year 2005 at present rates and proposed rates reasonable?
 - c. Are the projected operating expenses for Test Year 2005 reasonable?
 - d. Is the projected rate base for Test Year 2005 reasonable, and are the properties included in rate base used or useful for public utility purposes?
 - e. Is the requested rate of return fair?
2. What is the amount of the Interim Rate Increase, if any, to which HECO is

¹ The Commission granted motions to intervene by RMI and Life of the Land in the Energy Efficiency Docket. The Commission granted the County of Maui's motion to participate in the Energy Efficiency Docket.

² Ten days from the March 16, 2005 is March 26, 2005, which is a Saturday. The next business day is March 28, 2005.

probably entitled under H.R.S. section 269-16(d)?

II. SCHEDULE OF PROCEEDINGS

HECO Application, Direct Testimonies, Exhibits and Workpapers	November 12, 2004
Public Hearing	January 12, 2005
CA/DOD Information Requests ("IRs") to HECO ³	January 21 – April 29, 2005
HECO Responses to CA/DOD IRs ³	Within 3 weeks of receipt of IR
CA/DOD Testimonies, Exhibits and Workpapers	June 7, 2005
HECO IRs to CA/DOD ³	June 14 – June 21, 2005
CA/DOD responses to HECO IRs ³	Within 2 weeks of receipt of IR
HECO Written Rebuttal Testimonies, Exhibits, and Workpapers ³	July 26, 2005
CA/DOD Rebuttal IRs ("RIRs") to HECO ³	July 29 – August 12, 2005
HECO's Responses to CA/DOD RIRs ³	Within 2 weeks of receipt of IR
Settlement Discussion	August 29-31, 2005
Settlement Letter to PUC	September 2, 2005
Prehearing Conference	September 7, 2005
Evidentiary Hearing	beginning on September 12, 2005
Simultaneous Opening Briefs by Parties	4 weeks after Transcripts
Simultaneous Reply Briefs by Parties	3 weeks after Opening Briefs

³ Whenever possible, parties will provide a copy of documents electronically upon request.

III. MISCELLANEOUS MATTERS TO FACILITATE AND EXPEDITE THE ORDERLY CONDUCT OF THESE PROCEEDINGS

A. Requests for Information

A party to this proceeding may submit information requests to another party within the time schedule specified in this Stipulated Prehearing Order. If a party is unable to provide the information requested within the prescribed time period, it should so indicate to the inquiring party as soon as possible. The Parties shall then endeavor to agree upon a later date for submission of the requested information. If the Parties are unable to agree, the responding party may seek approval for the late submission from the Commission upon a showing of good cause. It is then within the Commission's discretion to approve or disapprove such late filings and take any additional action that may be appropriate, such as extending the date for the party to respond.

In lieu of responses to information requests that would require the reproduction of voluminous documents or materials (e.g. documents over 50 pages), the documents or materials may be made available for reasonable inspection and copying at a mutually agreeable designated location and time. In the event such information is available on computer diskette or other readily usable electronic medium, the party responding to the information request shall make the diskette or such electronic medium available to the other parties, and the Commission. Subject to objections that may be raised and to the extent practicable, the electronic files for spreadsheet will contain all cell references and formulae intact, and will not be converted to values prior to submission. A party shall not be required, in a response to an information request, to provide data that is/are already on file with the Commission or otherwise part of the public record, or that may be stipulated to pursuant to Part D, infra. The responding party shall, in lieu of production of a document in the public record, include in its response to the information request an identification of the document with reasonable specificity sufficient to enable the requesting

party to locate and copy the document. In addition, a party shall not be required, in a response to an information request, to make computations, compute ratios, reclassify, trend, calculate, or otherwise rework data contained in its files or records.

For each response to an information request, the responding party should identify the person who is responsible for preparing the response as well as the witnesses who will be responsible for sponsoring the response at the evidentiary hearing.

A party may object to responding to an information request that it deems to be irrelevant, immaterial, unduly burdensome, onerous or repetitious, or where the response contains information claimed to be privileged or subject to protection (confidential information). If a party claims that information requested is confidential, and withholds production of all or a portion of such confidential information, the party shall: (1) provide information reasonably sufficient to identify the confidential information withheld from the response, without disclosing privileged or protected information; (2) state the basis for withholding the confidential information (including, but not limited to, the specific privilege applicable or protection claimed for the confidential information and the specific harm that would befall the party if the information were disclosed); and (3) state whether the party is willing to provide the confidential information to some or all representatives of the party pursuant to a protective order.

A party seeking production of documents notwithstanding a party's claim of confidentiality, may file a motion to compel production with the Commission.

The responses of each party to information requests shall adhere to a uniform system of numbering agreed upon by the Parties. For example, the first information request submitted by the Consumer Advocate in this docket shall be referred to and designated as "CA-IR-1," and a response to this information request shall be referred to and designated as "Response to CA-IR-

1."

Each response shall be provided on a separate page and shall recite the entire question asked and set forth the response and/or reference the attached responsive document.

B. Witnesses

Witnesses submitting written testimony and exhibits shall be made available for cross-examination at the evidentiary hearing. Witnesses should file the work papers used in preparing the evidence they sponsor at the time they submit their testimony and exhibits and have such work papers available at the evidentiary hearing. Witnesses will not be permitted to read prefiled written testimony at the evidentiary hearings.

In the presentation of the testimony, each witness may give a brief oral summary of the written testimony and exhibits and shall summarize the issues raised by such testimony. Each witness shall be subject to cross-examination for both direct and rebuttal testimony and exhibits.

The Parties shall cooperate to accommodate the schedules of mainland witnesses and will inform the Commission in advance of any scheduling difficulties with respect to such witnesses. If a party has an objection to a timely request to schedule a mainland witness in advance of other witnesses, the party shall make a timely objection to the Commission. The Parties will make their best effort to accommodate the schedules of mainland witnesses by coordinating their appearance at the evidentiary hearing.

C. Form of Prepared Testimony

All prepared testimony, including text and exhibits, shall be prepared in written form on 8-1/2" x 11" paper with line numbers and page numbers, and shall be served on the dates designated in the Schedule of Proceedings.

Each party shall be permitted to follow its own numbering system for written testimony and exhibits, provided that the numbering system utilized is consistent and is clearly

understandable. Each party shall prepare a list of its exhibits by exhibit numbers and titles.

The Parties shall be permitted to make revisions to exhibits after the designated dates appearing in the Schedule of Proceedings. Revisions shall bear appropriate revision dates. However, revisions or additions that do more than correct typographical errors, update facts, or give numerical comparisons of the positions taken by the Parties, shall not be submitted except with the approval of the Commission.

Generally, exhibits should include appropriate footnotes, or narratives inserted in the related testimony, setting forth the sources of the information used and explaining the methods employed in making statistical compilations or estimates.

D. Matters of Public Record

To reduce unnecessary reproduction of documents and to facilitate these proceedings, identified matters of public record shall be admissible in this proceeding without the necessity of reproducing each document; provided that the document to be admitted is clearly identified by reference to the place of publication, file or docket number, and the identified document is available for inspection by the Commission and the Parties; and further provided that any party has the right to explain, qualify or conduct examination with respect to the identified document. The Commission can rule on whether the identified document can be admitted into evidence when a party proffers such document for admission as evidence in this case.

From time to time, the parties may enter into stipulations that such documents, or any portion of such documents, may be introduced into evidence in this case.

E. Copies of Testimony, Exhibits and Information Requests

1. Testimony, Exhibits, Workpapers, Information Requests, Responses to Information Requests, Briefs:

Commission	Original + 8 copies
HECO	3 copies
Consumer Advocate	6 copies
DOD	2 copies

2. All pleadings, briefs and other documents required to be filed with the Commission shall comply with the formatting requirements prescribed pursuant to Chapter 61, Subchapter 2, Section 6-61-16 of the Commission's Rules of Practice and Procedure and shall be filed at the office of the Commission in Honolulu within the time limit prescribed pursuant to Chapter 61, Subchapter 2, Section 6-61-15 of the Commission's Rules of Practice and Procedure.

3. Copies of all filings, information requests and information request responses should be sent to the Parties by hand delivery or United States mail (first class, postage prepaid). In addition, if available, all parties shall provide copies of their filings, information requests and information request responses to the other parties via diskette or e-mail in a standard electronic format that is readily available by the parties. The Parties agree to use Word 97, Word 2000 or Word 2003 as the standard programming format for filings in this case. However, if workpapers, documentation, or exhibits attached to any filing are not readily available in an electronic format, a party shall not be required to convert such workpapers, documentation, or exhibits into an electronic format. Also, existing documents produced in response to requests need not be converted to Word 97/Word 2000/Word 2003 as long as the applicable format is identified. In the event a copy of a filing, information request or information request response is delivered to a party via diskette or e-mail, unless otherwise agreed to by such party, the same number of copies of such filing, information request or information request response must still be delivered to such

party by hand delivery or United States mail (first class, postage prepaid) as provided in Parts F.1 above.

F. Order of Examination at the Evidentiary Hearing

Pursuant to Chapter 61, Subchapter 3, Section 6-61-31, of the Commission's Rules of Practice and Procedure, HECO's witnesses shall open with its direct case. The Consumer Advocate's direct case shall be presented after HECO's direct case, followed by DOD's direct case. HECO shall close with its rebuttal case.

Examination of any witness shall be limited to one attorney or representative for a party. The Parties shall avoid duplicative or repetitious cross-examination. Friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Recross-examination shall be limited to the extent of material covered in redirect examination unless otherwise permitted by the Commission.

G. Communications

Chapter 61, Subchapter 3, Section 6-61-29 of the Commission's Rules of Practice and Procedure concerning ex parte communications is applicable to any communications between a party and the Commission. However, the parties may communicate with Commission counsel on matters of practice and procedure through their own counsel or designated official.

Communications between the parties should either be through counsel or through designated representatives. All pleadings, papers, and other documents filed in this proceeding shall be served on the opposing party. All motions, supporting memoranda, and the like shall also be served on opposing counsel.

H. General

These procedures are consistent with the orderly conduct of this docket. Pursuant to Chapter 61, Subchapter 3, Section 6-61-37 of the Commission's Rules of Practice and Procedure, this Stipulated Prehearing Order shall control the subsequent courses of the proceedings, unless modified at or prior to the hearing to prevent manifest injustice.

This Stipulated Prehearing Order may be executed by the Parties in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument. The Parties may execute this Stipulated Procedural Order by facsimile for initial submission to the Commission to be followed by the filing of originals of said facsimile pages.

DONE at Honolulu, Hawaii, this _____ day of _____, 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:

By _____
Catherine P. Awakuni
Commission Counsel

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Stipulated Prehearing Order No. _____ 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
335 Merchant Street, Room 326
Honolulu, Hawaii 96813

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

DARCY ENDO-OMOTO
ACTING DIRECTOR-REGULATORY AFFAIRS
HAWAIIAN ELECTRIC COMPANY, INC.
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Honolulu, Hawaii 96840-0001

THOMAS W. WILLIAMS, JR.
PETER Y. KIKUTA
GOODSILL ANDERSON QUINN & STIFEL
1800 Alii Place
1099 Alakea Street
Honolulu, Hawaii 96813

DR. KAY DAVOODI
Utilities Rates and Studies Office
NAVFAC Washington
1314 Harwood Street, S.E.
Washington Navy Yard, DC 20374-5018

Certificate of Service (continued)

RANDALL Y.K. YOUNG
Associate Counsel (Code 09C)
Naval Facilities Engineering Command, Pacific
258 Makalapa Drive, Suite 100
Pearl Harbor, HI 96860-3134

Karen Higashi

DATED: _____

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 21727 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
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DR. KAY DAVOODI
UTILITIES RATES AND STUDIES OFFICE
NAVFAC WASHINGTON
1314 Harwood Street, S.E.
Washington Navy Yard, DC 20374-5018

Certificate of Service

Page 2

RANDALL Y.K. YOUNG, ESQ.
NAVAL FACILITIES ENGINEERING COMMAND PACIFIC
258 Makalapa Drive, Suite 100
Pearl Harbor, HI 96860-3134



Karen Higashi

DATED: APR - 8 2005