

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)

HAWAIIAN ELECTRIC COMPANY, INC.)

DOCKET NO. 04-0113

For Approval of Rate Increases and)
Revised Rate Schedules and Rules.)

ORDER NO. 22537

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

2006 JUN 20 A 9:02

RECEIVED

Filed June 19, 2006

At 2 o'clock P.M.

Karen Higashi

Chief Clerk of the Commission

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

K. Higashi

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. 22537

ORDER

By this Order, the commission directs the Parties to this proceeding to meet informally to determine a procedural schedule to address the issues relating to HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO") energy cost adjustment clause ("ECAC"), as raised by Act 162, Session Laws of Hawaii (2006).

The Parties shall file such procedural schedule within forty-five days of the filing of this Order. If the Parties are unable to stipulate to such an order, each party shall submit its own proposed procedural order for the commission's consideration within forty-five days of the date of this Order.

I.

Stipulated Procedural Schedule

On June 2, 2006, the Governor of Hawaii signed Senate Bill 3185, S.D. 2, H.D. 2, C.D. 1 into law as Act 162

("Act 162").¹ Act 162, among other things, amends Hawaii Revised Statutes § 269-16 to provide that:

Any automatic fuel rate adjustment clause requested by a public utility in an application filed with the commission shall be designed, as determined in the commission's discretion, to:

(1) Fairly share the risk of fuel cost changes between the public utility and its customers;

(2) Provide the public utility with sufficient incentive to reasonably manage or lower its fuel costs and encourage greater use of renewable energy;

(3) Allow the public utility to mitigate the risk of sudden or frequent fuel cost changes that cannot otherwise reasonably be mitigated through other commercially available means, such as through fuel hedging contracts;

(4) Preserve, to the extent reasonably possible, the public utility's financial integrity; and

(5) Minimize, to the extent reasonably possible, the public utility's need to apply for frequent applications for general rate increases to account for the changes to its fuel costs.

The record in this proceeding relating to HECO's ECAC has not been developed to address the factors that Act 162 mandates that the commission consider in its design of a fuel

¹See Governor's Message Nos. 428 and 692, dated June 2, 2006. Act 162 took effect upon its approval on June 2, 2006.

rate adjustment clause. Accordingly, HECO, the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs, and the Department of the Navy, on behalf of the Department of Defense (collectively, the "Parties") shall meet informally to determine a procedural schedule to supplement the record in the instant proceeding, to provide the commission with information about HECO's ECAC and the competing factors that the commission must consider, as set forth in Act 162. Such procedural schedule shall be filed by the Parties within forty-five days of the filing of this Order. If the Parties are unable to stipulate to such an order, each party shall submit its own proposed procedural order for the commission's consideration within forty-five days from the date of this Order.

II.

ORDERS

THE COMMISSION ORDERS:

1. The Parties to this proceeding shall meet informally to determine a procedural schedule to address the issues relating to HECO's ECAC that are raised by the signing of Act 162 into law.

2. The Parties shall file such procedural schedule within forty-five days of the filing of this Order. If the

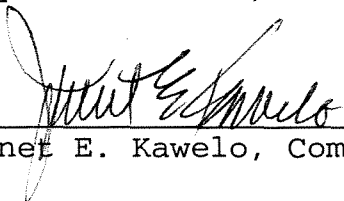
Parties are unable to stipulate to such an order, each party shall submit its own proposed procedural order for the commission's consideration within forty-five days from the date of this Order.

DONE at Honolulu, Hawaii JUN 19 2006.


PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By (EXCUSED)
Wayne H. Kimura, Commissioner

By 
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:


Catherine P. Awakuni
Commission Counsel

04-0113.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 22537 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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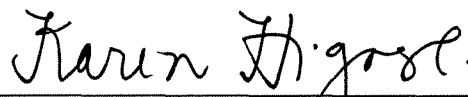
Counsel for Hawaiian Electric Company, Inc.

Certificate of Service
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Karen Higashi

DATED: JUN 19 2006