BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

----- In the Matter of -----
HAWAIIAN ELECTRIC COMPANY, INC.

DOCKET NO. 03-0166

For Approval of a Residential
Direct Load Control Program, and
Recovery of Program Costs.

DECISION AND ORDER NO. 22961

Filed Oct. 19, 2006
At 10 o'clock A.M.

Karen Higashl
Chief Clerk of the Commission

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

By this Decision and Order, the commission approves

HAWAIAN ELECTRIC COMPANY, INC.'s ("HECO") request to increase

the 2006 budget for the Residential Direct Load Control ("RDLC")

Program, included in HECO's December 2, 2005 Demand-Side

Management ("DSM") Annual Program Modification and Evaluation

("M&E") Report, by $404,550, from $3,265,410 to $3,669,960, to

respond to an increase in Outside Services-Equipment

Installation.

I.

Background

By Decision and Order No. 21415 ("Decision and Order

No. 21415"), filed on October 14, 2004, the commission approved

HECO's requests for: (1) approval of its RDLC Program;
(2) recovery of its program costs for the first five years of the program, which are estimated to be approximately $12,205,955 (and associated revenue taxes, if applicable), using HECO's Integrated Resource Plan ("IRP") Cost Recovery Provision and incorporated into rates as a result of the next rate case if DSM costs are not recovered through the IRP Cost Recovery Provision after the next rate case; and (3) program flexibility as described within the application filed in this docket.

By Decision and Order No. 21725 ("Decision and Order No. 21725"), filed on April 8, 2005, the commission approved HECO’s request to modify the eligibility criteria for its RDLC Program to include residential customers that are master metered, as a pilot program, provided that HECO requires its master metered customers participating in the RDLC Program to notify all persons who may have their water heaters disconnected of the potential for such an event to occur.

On March 30, 2006, HECO filed a letter ("HECO’s Letter") requesting commission approval to increase the 2006 budget for the RDLC Program, included in HECO's December 2, 2005 DSM Annual Program M&E Report, by $404,550, from $3,265,410 to $3,669,960, to respond to an increase in Outside Services-Equipment Installation.
On October 6, 2006, the DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF CONSUMER ADVOCACY ("Consumer Advocate"), the only other party to this docket, stated that it does not oppose approval of HECO’s request.

II.

Discussion

By Decision and Order No. 21415, the commission stated:

HECO’s request to allow the program flexibility described in its Application is approved, provided that it receives commission approval of either an application or a letter agreement describing the modifications to be implemented prior to effectuating any amendments to the pilot program.¹

Included in HECO’s requested program flexibility is the "ability to exceed a yearly program budget by not more than twenty-five percent."² HECO’s Letter requests a budget increase of less than twenty-five percent. In addition, HECO advises that an “increase in the budget will provide funding to allow HECO to continue to acquire controllable peak load and achieve

¹Decision and Order No. 21415, filed on October 14, 2004, in Docket No. 03-0166, at 14 (Ordering ¶ 4).

²HECO’s Application, filed on June 6, 2003, in Docket No. 03-0166, at 27.
the goal in 2006 of 6.1 MW." HECO explains, "[t]he RDLC Program is one of the load reduction measures which are crucial to help mitigate the reserve capacity shortfall explained in HECO’s Adequacy of Supply Report, filed March 6, 2006."

Based upon a review of the record, as supplemented by HECO’s Letter, the commission finds that HECO’s request to increase the 2006 budget for the RDLC Program, by $404,550, from $3,265,410 to $3,669,960, is reasonable and in the public interest. Accordingly, the commission concludes that HECO’s request to increase its budget to reflect its projected expenditures should be approved.

III.
Order

THE COMMISSION ORDERS:

HECO’s request to increase the 2006 budget for the RDLC Program, by $404,550, from $3,265,410 to $3,669,960, is approved.

\(^3\)HECO’s Letter, filed on March 30, 2006, in Docket No. 03-0166, at 1.

\(^4\)HECO’s Letter, filed on March 30, 2006, in Docket No. 03-0166, at 1.
DONE at Honolulu, Hawaii    OCT 19 2006.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By ______________________________
Carlito P. Caliboso, Chairman

By ______________________________
John E. Cole, Commissioner

APPROVED AS TO FORM:

Nichole K. Shimamoto
Commission Counsel

03-0166.ac
CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 22961 upon the following parties and participants, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party and participant.

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DATED: OCT 19 2006