BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of

HAWAIIAN ELECTRIC COMPANY, INC.
HAWAII ELECTRIC LIGHT COMPANY, INC.
MAUI ELECTRIC COMPANY, LIMITED

For Approval of a CHP Program,
Schedule CHP - Customer-Sited
Utility-Owned Cogeneration Service,
Inclusion of Related Fuel Costs in
the Energy Cost Adjustment Clause,
and a Modification to the Energy
Cost Adjustment Clause and
Schedule Q.

DOCKET NO. 03-0366

ORDER NO. 23196

Filed Jan. 16, 2007
At 12 o'clock P.M.

Karen Higashl
Chief Clerk of the Commission

ATTEST: A True Copy
KAREN HIGASHL
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Cost Adjustment Clause and
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Docket No. 03-0366
Order No. 23196

ORDER

By this Order, the commission approves the withdrawal of application filed by HAWAIIAN ELECTRIC COMPANY, INC., HAWAII ELECTRIC LIGHT COMPANY, INC., and MAUI ELECTRIC COMPANY, LIMITED (collectively, the "HECO Utilities") on December 29, 2006, without prejudice, and closes this docket.

I.
Withdrawal of Application

On October 10, 2003, the HECO Utilities filed their application requesting that the commission approve: (1) each utility's Combined Heat and Power ("CHP") Program and initial five-year budget of capital expenditures for the program, subject to certain flexibility provisions; (2) each utility's proposed Schedule CHP, Customer-Sited Utility-Owned Cogeneration
Service ("Schedule CHP"), and the proposed standard form CHP Agreement and the eligibility criteria included therein; (3) the inclusion of the fuel and transportation costs, and related revenue taxes, incurred under the CHP Agreements filed pursuant to the CHP Program and Schedule CHP, in each utility's respective energy cost adjustment clause ("ECAC"), to the extent that such costs are not recovered in each utility's base rates; (4) a modification to each utility's respective ECAC, avoided energy cost filing, and Schedule Q to allow the inclusion of the fuel and transportation costs, and related revenue taxes, incurred under the CHP Agreements filed pursuant to the CHP Program and Schedule CHP; and (5) an exemption from the requirements of Paragraph 2.3(g)(2) of General Order No. 7, Standards for Electric Utility Service in the State of Hawaii, for CHP system capital expenditures projects completed pursuant to each utility's Schedule CHP.¹

Motions to intervene were filed by Life of the Land; Johnson Controls, Inc. and Pacific Machinery, Inc.; The Gas Company, LLC; and Hawaii Renewable Energy Alliance.²

¹Application; Verification; Exhibits A - K; and Certificate of Service, filed on October 10, 2003, as amended on November 13, 2003, November 19, 2003, and December 17, 2003 (collectively, "Application"). The HECO Utilities served copies of their Application upon the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate"), an ex officio party to this proceeding, pursuant to Hawaii Revised Statutes § 269-51 and Hawaii Administrative Rules § 6-61-62(a).

²Life of the Land's Motion to Intervene and Certificate of Service, filed on October 29, 2003; Johnson Controls, Inc. and Pacific Machinery, Inc.'s Motion to Intervene and Certificate of Service, filed on October 30, 2003; The Gas Company, LLC's
The HECO Utilities filed responses to each of the motions to intervene.¹

On October 31, 2003, the Consumer Advocate filed its Statement of Position, recommending that the commission consolidate Docket No. 03-0366 with In re Public Util. Comm'n, Docket No. 03-0371, the commission's generic distributed generation proceeding.² In the alternative, the Consumer Advocate recommended that this proceeding be suspended until the commission's issuance of its decision and order in Docket No. 03-0371. On December 26, 2003, the HECO Utilities filed their response to the Consumer Advocate's Statement of Position, stating their opposition to the suspension or consolidation of Docket No. 03-0366 with Docket No. 03-0371.³

¹Motion to Intervene and Certificate of Service, filed on October 30, 2006; and Hawaii Renewable Energy Alliance's Motion to Enlarge Time to Intervene and Memorandum in Support of Motion, Motion to Intervene, and Certificate of Service, filed on October 31, 2003.

²Memorandum in Response to Life of the Land's Motion to Intervene, and Certificate of Service, filed on November 5, 2003; Memorandum in Response to Hawaii Renewable Energy Alliance's Motion to Enlarge Time to Intervene and Motion to Intervene, and Certificate of Service, filed on November 7, 2003; Memorandum in Response to Motion to Intervene of The Gas Company, LLC, and Certificate of Service, filed on November 12, 2003; and Memorandum in Response to Motion to Intervene of Johnson Controls, Inc. and Pacific Machinery, Inc., and Certificate of Service, filed on November 12, 2003.


⁴HECO Utilities' Reply to the Consumer Advocate's Statement of Position; Exhibits 1 - 4; and Certificate of Service, filed on December 26, 2003.
On March 2, 2004, the commission: (1) suspended the HECO Utilities' Application, pending the disposition of Docket No. 03-0371; and (2) held in abeyance the pending motions to intervene.6

By Decision and Order No. 22248, filed on January 27, 2006, in Docket No. 03-0371, the commission "set forth certain policies and principles for the deployment of distributed generation in Hawaii and certain guidelines and requirements for distributed generation, some of which will be further defined by tariff as approved by the commission."7 In addition, Decision and Order No. 22248 authorized the HECO Utilities to pursue their Application in this docket, provided that they amended the Application to include relevant facts governing: (1) legitimate system need; (2) least cost alternative (subsequently clarified to mean lowest reasonable cost); and (3) an open and competitive process acceptable to the commission.

On November 2, 2006, the HECO Utilities were instructed to advise the commission, by December 29, 2006, "on the status of the HECO Utilities' efforts in this docket, including whether the HECO Utilities intend to amend or withdraw their application[.]"8 In response thereto, the HECO Utilities, on December 29, 2006, 

6Order No. 20831, filed on March 2, 2004.

7Decision and Order No. 22248, at 1. Thereafter, on April 6, 2006, the commission: (1) granted in part and denied in part the motion for clarification filed by the HECO Utilities; and (2) denied the HECO Utilities' motion for partial reconsideration. Order No. 22375, filed on April 6, 2006.

filed a withdrawal of their Application, "request[ing] that the Commission close this docket without prejudice."9

The commission approves the HECO Utilities' withdrawal of their Application without prejudice, and closes this docket.10 The commission's approval herein renders moot the motions to intervene.

II.

Orders

THE COMMISSION ORDERS:

1. The withdrawal of the HECO Utilities' Application, filed on December 29, 2006, is approved, without prejudice.

2. This docket is closed unless ordered otherwise by the commission.

9Withdrawal of Application, filed on December 29, 2006, at 3. The HECO Utilities chose to withdraw their Application, "believ[ing] that it would be more appropriate to consider customer-sited CHP projects on a case-by-case basis, and if a decision is made to pursue the implementation of a customer-sited CHP project, then an application would be filed requesting Commission approval of such customer-sited CHP project." Id. at 2–3.

10Copies of this Order are being served on the HECO Utilities, the Consumer Advocate, and the movants.
DONE at Honolulu, Hawaii JAN 16 2007

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By Carlito P. Caliboso, Chairman

By John E. Cole, Commissioner

APPROVED AS TO FORM:

Michael Azama
Commission Counsel
CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 23196 upon the following persons, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such person.

CATHERINE P. AWAKUNI
EXECUTIVE DIRECTOR
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
Honolulu, HI 96840

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

STEVEN P. GOLDEN
DIRECTOR, EXTERNAL AFFAIRS & PLANNING
THE GAS COMPANY, LLC
P. O. Box 3000
Honolulu, HI 96802-3000

GEORGE T. AOKI, ESQ.
THE GAS COMPANY, LLC
P. O. Box 3000
Honolulu, HI 96802-3000
Counsel for THE GAS COMPANY, LLC
Certificate of Service
Page 2

KENT D. MORIHARA, ESQ.
MORIHARA LAU & FONG LLP
Davies Pacific Center
841 Bishop Street, Suite 400
Honolulu, HI 96813

Counsel for THE GAS COMPANY, LLC

WARREN S. BOLLMEIER II
PRESIDENT
HAWAII RENEWABLE ENERGY ALLIANCE
46-040 Konane Place #3816
Kaneohe, HI 96744

GORDON BULL
BRANCH MANAGER
JOHNSON CONTROLS, INC.
CONTROLS GROUP
677 Ala Moana Boulevard
Suite 820
Honolulu, HI 96813

JIM REISCH
VICE PRESIDENT, GENERAL MANAGER - ENGINE DIVISION
PACIFIC MACHINERY, INC.
94-025 Farrington Highway
Waipahu, HI 96797

THOMAS C. GORAK, ESQ.
GORAK & BAY, L.L.C.
1161 Ikena Circle
Honolulu, HI 96821

Counsel for JOHNSON CONTROLS, INC. and PACIFIC MACHINERY, INC.

HENRY Q CURTIS
VICE PRESIDENT FOR CONSUMER ISSUES
LIFE OF THE LAND
76 N. King Street, Suite 203
Honolulu, HI 96817

DATED: JAN 16 2007

Karen Higashi