

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of)  
MAUI ELECTRIC COMPANY, LIMITED )  
Regarding Integrated Resource )  
Planning. )  
\_\_\_\_\_ )

DOCKET NO. 04-0077

PREHEARING ORDER NO. 23453

Filed May 22, 2007  
At 9 o'clock A.M.

Karen Higashi  
Chief Clerk of the Commission

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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.

Karen Higashi

In the Matter of the Application of)  
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Section III.C.1 of the IRP Framework provides that "[e]ach planning cycle for a utility will commence with the issuance of an order by the commission opening a docket for integrated resource planning." By Order No. 20953 filed on

April 30, 2004, the commission opened this docket<sup>1</sup> to commence MECO's IRP cycle and examine MECO's 3<sup>rd</sup> Integrated Resource Plan ("IRP-3").<sup>2</sup>

On April 30, 2007, MECO filed its IRP-3.<sup>3</sup> Notice of the filing of MECO's IRP-3 was published in newspapers of general circulation on May 1, 2007 (Maui News) and May 2, 2007 (Honolulu Advertiser),<sup>4</sup> pursuant to Section III.E.3 of the IRP Framework. As such, the deadline to file a motion to intervene or participate in this docket is May 22, 2007.<sup>5</sup>

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<sup>1</sup>The parties to this docket are MECO and the DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF CONSUMER ADVOCACY ("Consumer Advocate"). The Consumer Advocate is a party to this proceeding, pursuant to Hawaii Revised Statutes ("HRS") § 269-51, Hawaii Administrative Rules ("HAR") § 6-61-62(a), and Section II.E.2 of the IRP Framework.

<sup>2</sup>The deadline to submit MECO's IRP-3 was October 31, 2006. However, by letter dated October 17, 2006, MECO requested an extension of time from October 31, 2006 to April 30, 2007, to file its IRP-3. By letter dated October 23, 2006, the commission granted MECO's request.

<sup>3</sup>On August 16, 2006, the commission requested that the parties file position statements, if any, by October 31, 2006, addressing the fuel diversity and fossil fuel generation efficiency matters set forth in Sections 111(d)(12), 111(d)(13), and 112(b)(3)(A) of the Public Utility Regulatory Policies Act of 1978 ("PURPA"), as amended by the Energy Policy Act of 2005. MECO requested an extension until December 29, 2006, to file its position statement, which the commission granted on November 20, 2006. On December 29, 2006, MECO filed its position statement.

<sup>4</sup>By telephone conversation on May 17, 2007, commission counsel was informed by MECO of the dates when notice of the filing of MECO's IRP-3 was published.

<sup>5</sup>Section III.E.3.c of the IRP Framework states, in relevant part: "Applications to intervene or participate without intervention in any proceeding in which a utility seeks commission approval of its integrated resource plan . . . may be filed with the commission not later than 20 days after the publication by the utility of a notice informing the general public of the filing of the utility's application for commission approval of its integrated resource plan."

## II.

### Issues, Schedule of Proceedings, Procedures

Section II.D.3 of the IRP Framework requires the commission "to the extent possible" to hear MECO's application for approval of its IRP-3 within six months of the plan's filing and requires the parties to this docket to cooperate in expediting commission hearings on MECO's IRP-3. It states:

The parties shall cooperate in expediting commission hearings on the utility's integrated resource plan and program implementation schedule. To the extent possible, the commission will hear the utility's application for approval of its integrated resource plan within six months of the plan's filing, and the commission will render its decision shortly thereafter.

Given the language in Section II.D.3, the commission is obligated to make every effort to expedite review of MECO's IRP-3 to allow for evidentiary hearings to be conducted by October 30, 2007, and to allow for a commission decision "shortly thereafter." As a result of the short time frame, the commission finds it necessary to set a schedule for this docket that would allow for decision-making within the time frame set forth in the IRP Framework. While the commission is cognizant of the heavy workload of the parties, the commission is also aware of the importance of integrated resource planning, the history of integrated resource planning since the adoption of the IRP Framework, and the interrelationship between integrated resource planning and most of the matters filed by MECO with the commission. Accordingly, to expedite this docket, the commission identifies the following issues, schedule of proceedings, and

procedures, which shall control the course of this docket unless modified by the commission.

A.

Issues

Consistent with prehearing orders issued in prior IRP dockets,<sup>6</sup> the commission identifies the following issues for resolution of this docket:

1. Whether MECO's proposed integrated resource plan and program implementation schedule complies with the commission's IRP Framework. Included in this issue are the following sub-issues:

A. Whether MECO's proposed integrated resource plan represents a reasonable course for meeting the energy needs of its customers.

B. Whether MECO's proposed integrated resource plan is in the public interest and consistent with the goals and objectives of integrated resource planning.

C. Whether MECO's proposed integrated resource plan identifies the resources or mix of resources for meeting near and long-term consumer energy needs in an efficient and reliable manner at the lowest reasonable cost.

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<sup>6</sup>See In re Maui Elec. Co., Ltd., Docket No. 7258, Prehearing Order No. 13171, filed on March 9, 1994 (MECO IRP-1); see also In re Hawaiian Elec. Co., Inc., Docket No. 95-0347, Stipulated Prehearing Order No. 16596, filed on October 8, 1998 (HECO IRP-2); and In re Hawaiian Elec. Co., Inc., Docket No. 7257, Prehearing Order No. 12610, filed on September 17, 1993 (HECO IRP-1).

D. Whether MECO's proposed integrated resource plan comports with state and county environmental, health, and safety laws and formally adopted state and county plans.

E. Whether MECO's proposed integrated resource plan considers and analyzes the cost effectiveness and benefits of all appropriate, available, and feasible supply-side and demand-side options.

F. Whether MECO's proposed integrated resource plan considers the plan's impacts upon the utility's consumers, the environment, culture, community lifestyles, the State of Hawaii's economy, and society.

G. Whether MECO's proposed integrated resource plan takes into consideration the utility's financial integrity, size, and physical capability.

H. Whether MECO's proposed integrated resource planning process provided an opportunity for participation by the public and governmental agencies in the development of its integrated resource plan.

I. Whether MECO's proposed integrated resource plan provides for the recovery of all appropriate and reasonable integrated resource planning and implementation costs.

J. Whether MECO's findings and recommendations regarding the identification, quantification, and utilization of externalities are reasonable for comparisons between resource plans within the context of integrated resource planning.

2. Whether the commission should adopt the fuel diversity and fossil fuel generation efficiency standards set

forth in Sections 111(d)(12), 111(d)(13), and 112(b)(3)(A) of the Public Utility Regulatory Policies Act of 1978 ("PURPA"), as amended by the Energy Policy Act of 2005.

B.

Schedule of Proceedings

As noted above, to expedite decision-making in this docket, the commission sets the following schedule of proceedings as outlined below. The commission intends to require that any party granted intervenor or participant status comply with this schedule, unless modified by the commission. In addition, to allow for flexibility by the parties, the commission does not include specific and detailed deadlines for discovery in this schedule of proceedings. If, however, the parties desire such deadlines, they are free to seek commission approval via stipulation or motion, so long as the discovery deadlines allow the parties to comply with the schedule of proceedings set forth below.

MECO's Testimonies, Exhibits, and Work Papers	June 15, 2007
Public Meeting <sup>7</sup>	June 20, 2007
Consumer Advocate's Testimonies, Exhibits, and Work Papers <sup>8</sup>	August 15, 2007
MECO's Rebuttal Testimonies,	September 14, 2007

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<sup>7</sup>Section III.E.2.b of the IRP Framework allows the commission to "conduct such informal public meetings as it deems advisable."

<sup>8</sup>This deadline would also apply to testimonies, exhibits and work papers filed by any party, who is subsequently allowed to intervene in this docket.

Exhibits, and Work Papers

Prehearing Conference

September 24, 2007

Evidentiary Hearing

Week of Oct. 1, 2007

Post-Hearing Opening Briefs  
(all parties)

Three weeks after  
receipt of the  
transcripts by the  
commission

Post-Hearing Reply Briefs  
(all parties)

Two weeks after the  
due date of the  
Opening Briefs

C.

Requests for Information

A party to this proceeding may submit information requests to another party within the time schedule agreed upon by the parties or specified within this 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 electronically on computer disc or other readily usable electronic medium, the party responding to the information request shall make the computer disc 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 spreadsheets 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 or are already on file with the commission, or otherwise part of the public record, or that may be stipulated to pursuant to Section D, "Matters of Public Record," below. 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 was 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. Each response shall be provided on a separate page and shall recite the entire question asked and set forth the response and reference the attached responsive document.

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: (1) 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 (2) any party has the right to explain, qualify, or conduct an 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.

Form of Prepared Testimony

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

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 clearly

understandable. Each document of more than one page shall be consecutively numbered. 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 Section B, "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.

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

#### F.

##### Witnesses

Witnesses submitting written testimony and exhibits shall be made available for cross-examination at the 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 for the hearing. Witnesses will not be permitted to read pre-filed testimony at the hearing.

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 testimonies and exhibits.

The parties should cooperate to accommodate the schedules of any mainland witnesses and should inform the commission in advance of any scheduling difficulties of mainland witnesses. If any party has any objection to scheduling a witness in advance of other witnesses, the party shall make a timely objection to the commission.

G.

Order of Examination

The order of presentation of witnesses and whether the witness will present both written and rebuttal testimony at the same time shall be determined at the Prehearing Conference to be held pursuant to Section B, "Schedule of Proceedings," above.

The examination of any witness shall be limited to one attorney or party representative for each party. The parties shall avoid duplicative or repetitive cross-examination. 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 permitted otherwise by the commission.

H.

Copies of Documents

1. Copies:

Commission:	Original + 8 copies
MECO:	3 copies
Consumer Advocate:	3 copies
Intervenor(s), if any:	1 copy

2. All documents required to be filed with the commission shall comply with the formatting requirements prescribed in HAR § 6-61-16, and shall be filed at the office of the commission in Honolulu within the time limit prescribed in HAR § 6-61-15.

3. Copies of all document filings shall be served on the other parties by hand delivery or United States mail (first class, postage prepaid). In addition, if available, all parties shall provide copies of their filings to the other parties via diskette or electronic mail in a standard electronic format that is readily available by the parties.<sup>9</sup> However, if work papers, documentation, or exhibits attached to any filing are not readily available in electronic format, a party shall not be required to convert such work papers, documentation, or exhibits into electronic format. In the event a copy of a filing is delivered to a party via diskette or electronic mail, unless otherwise agreed to by such party, the same number of copies of such filing must still be delivered to such party by hand delivery or United States mail (first class, postage prepaid).

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<sup>9</sup>Subject to objections that may be raised and to the extent practicable, the electronic files for spreadsheets will contain all cell references and formulae intact, and will not be converted to values prior to submission.

I.

Communications

HAR § 6-61-29 concerning ex parte communications is applicable to any communications between a party and the commission. However, the parties may communicate with commission counsel through their own counsel or designated party representative only as to matters of process and procedure.

Communications between the parties should either be through counsel or through designated party representatives. All documents filed in this proceeding shall be served on the opposing party and counsel, as provided in Section H, "Copies of Documents," above.

J.

General

This Prehearing Order shall control the course of this proceeding, unless modified by the parties in writing and approved by the commission consistent with HAR § 6-61-23, to the extent applicable, or upon the commission's own motion.

III.

Orders

THE COMMISSION ORDERS:

This Prehearing Order shall control the course of this proceeding, unless modified by the parties in writing and approved by the commission, or upon the commission's own motion.

DONE at Honolulu, Hawaii

MAY 22 2007

PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By Carlito P. Caliboso  
Carlito P. Caliboso, Chairman

By John E. Cole  
John E. Cole, Commissioner

APPROVED AS TO FORM:

Stacey Kawasaki Djou  
Stacey Kawasaki Djou  
Commission Counsel

04-0077.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Prehearing Order No. 23453 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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Karen Higashi

DATED: MAY 22 2007