

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

-----In the Matter of-----)
PUBLIC UTILITIES COMMISSION)
Instituting a Proceeding to Review)
Hawaiian Electric Company, Inc.)
Hawaii Electric Light Company, Inc.)
and Maui Electric Company, Ltd.'s)
Demand-Side Management Reports and)
Requests for Program Modifications)
_____)

DOCKET NO. 2007-0341

ORDER NO. 23717

RECEIVED
2007 OCT 15 A 10:00
DIV. OF CONSUMER ADVOCACY
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
STATE OF HAWAII

Filed Oct. 12, 2007
At 1 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.

Karen Higashi

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Docket No. 2007-0341

Order No. 23717

ORDER

By this Order, the commission initiates a proceeding to review HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO"),¹ HAWAII ELECTRIC LIGHT COMPANY, INC.'s ("HELCO"),² and MAUI ELECTRIC COMPANY, LTD.'s ("MECO")³ (collectively, the "HECO

¹HECO is a Hawaii corporation and a public utility as defined by Hawaii Revised Statutes ("HRS") § 269-1. HECO was initially organized under the laws of the Kingdom of Hawaii on or about October 13, 1891. HECO is engaged in the production, purchase, transmission, distribution, and sale of electricity on the island of Oahu in the State of Hawaii.

²HELCO is a Hawaii corporation and a public utility as defined by HRS § 269-1. HELCO was initially organized under the laws of the Republic of Hawaii on or about December 5, 1894. HELCO is engaged in the production, purchase, transmission, distribution, and sale of electricity on the island of Hawaii in the State of Hawaii.

³MECO is a Hawaii corporation and a public utility as defined by HRS § 269-1. MECO was initially organized under the laws of the Territory of Hawaii on or about April 28, 1921. MECO is engaged in the production, purchase, transmission, distribution, and sale of electricity on the island of Maui; the production, transmission, distribution, and sale of electricity on the island of Molokai, and the production, distribution, and sale of electricity on the island of Lanai.

Companies") demand-side management ("DSM")⁴ reports and requests for program modifications.

I.

Background

In Docket No. 05-0069 (the "Energy Efficiency Docket"), the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate") proposed that "the [c]ommission establish dockets to consider program evaluations and ensure regulatory oversight over [E]nergy [E]fficiency and DSM efforts."⁵ The Consumer Advocate recommended that the commission "initiate formal reviews of DSM evaluation reports, providing stakeholders and interested parties the opportunity to comment," in order to "substantially enhance the level of [DSM programs] that are implemented" and "improve the results of the overall DSM effort."⁶

In addition, in the Energy Efficiency Docket, HECO stated that "if the [c]ommission decides that DSM program costs should continue to be recovered through the DSM surcharge, then HECO requests [c]ommission approval of [its] DSM program budget

⁴For the purposes of this Order, the term "Energy Efficiency" will refer to the savings of energy usage; the term "Load Management" will refer to direct control or management of the load; and the term "DSM" will refer to Energy Efficiency and Load Management collectively.

⁵Consumer Advocate's Opening Brief, filed on October 25, 2006, in Docket No. 05-0069, at 70.

⁶Consumer Advocate's Final Statement of Position, filed on June 1, 2006, in Docket No. 05-0069, at 6-7 and Appendix C.

flexibility [requests]."⁷ HECO explained that "[t]he intent of the flexibility HECO is requesting in the referenced provision is to allow HECO to be able to quickly respond to advances in energy conservation measures between rate proceedings."⁸

By Decision and Order No. 23258, filed on February 13, 2007, in the Energy Efficiency Docket ("Decision and Order No. 23258"), the commission determined, inter alia, that (1) it will open a new docket to approve HECO's periodic DSM reports, including HECO's DSM Annual Program Accomplishments and

⁷The HECO Companies' Opening Brief, filed on October 25, 2006, in Docket No. 05-0069, at 66. Specifically, HECO requested that it be allowed to do the following without prior commission approval:

- (1) Carry over funds not spent in prior years;
- (2) Move the customer incentive funds among [E]nergy [E]fficiency programs and among [L]oad [M]anagement programs to address new technologies and to adjust to changes in energy codes and other external events that might impact HECO's ability to meet the energy and demand goals of the programs;
- (3) Increase or decrease individual measure incentive levels to respond to changes in participation levels and markets;
- (4) Add new measures, and establish corresponding incentive levels to address market opportunities; and
- (5) Increase the total program budget by 25% without [c]ommission approval.

Id.

⁸The HECO Companies' Opening Brief, filed on October 25, 2006, in Docket No. 05-0069, at 66.

Surcharge ("A&S") Report⁹ and Monitoring and Evaluation ("M&E") Report,¹⁰ and (2) HECO may file requests for modifications to its DSM programs in the newly established docket.

By Order No. 23448, filed on May 21, 2007, in the Energy Efficiency Docket ("Order No. 23448"), the commission, inter alia, affirmed its decision to reject HECO's flexibility requests but granted HECO the ability to request program modifications by letter request, subject to commission approval, pending the opening of the new docket.¹¹

⁹The HECO Companies' A&S Reports are filed in or about March following the end of each program year. The A&S Reports serve three purposes. First, the A&S Reports document the accomplishments of the programs during the previous calendar year. These accomplishments include an accounting of the energy and demand savings impacts, equipment installations and expenditures based on full, calendar-year data. Second, the A&S Reports reconcile the revenues collected from the cost recovery surcharge adjustment and actual program costs incurred. Third, the A&S Reports establish and document program cost-effectiveness based on recorded costs and measure adoptions.

¹⁰The HECO Companies' M&E Reports are filed in or about November of each program year. The M&E Reports serve three purposes. First, the M&E Reports forecast the budgets and impact (i.e., energy and demand savings) goals for the upcoming calendar year. Second, the M&E Reports describe the modifications in program processes that the HECO Companies propose to introduce in the upcoming calendar year. Third, the M&E Reports provide results of both the program Impact Evaluation Reports and the program process evaluations, as they become available.

¹¹See Order No. 23448, at 23-24. Specifically, the commission denied HECO's request for reconsideration of the commission's decision to reject HECO's flexibility request, denied HECO's request for flexibility to exceed its customer incentives budget and budget for expenses directly related to customer participation by 25% without commission approval, denied HECO's request for flexibility to shift or distribute its residential program budgets among residential programs and its commercial and industrial program budgets among commercial and industrial programs without commission approval, and granted HECO the ability to request program modifications by letter request,

II.

Initiation of This Docket

In the Energy Efficiency Docket, the requests made by the parties in that docket as to (1) the opening of a new docket to review the DSM reports and (2) DSM program budget flexibility, and the ensuing discussion on these requests, were limited to HECO. Accordingly, in Decision and Order No. 23258, the commission limited its discussion of a new docket to review the DSM reports and requests for program modifications to HECO. However, for purposes of consistency and efficient docket management, the commission opens this investigatory docket as to all of the HECO Companies and names as parties to this proceeding, HECO, HELCO, MECO, and the Consumer Advocate.¹²

The commission will provide a copy of this Order to all individuals and entities that were parties to the Energy Efficiency Docket. In doing so, the commission is not suggesting that all of the parties to that docket have standing to intervene, but instead is merely providing notice of the initiation of this proceeding.

subject to commission approval, pending the opening of the new docket. See id.

¹²The Consumer Advocate is an ex officio party to this docket pursuant to HRS § 269-51 and HAR § 6-61-62.

III.

Proposed Review and Approval Processes

To expedite the establishment of procedures related to the HECO Companies' DSM reports and requests for DSM program modifications, the commission sets forth the following proposals for addressing those in this docket.

With respect to the HECO Companies' DSM reports, the commission will require the HECO Companies to file all DSM evaluation reports in this docket. In keeping with the Consumer Advocate's recommendation that the commission "initiate formal reviews of DSM evaluation reports" and "provid[e] stakeholders and interested parties the opportunity to comment,"¹³ the commission proposes to allow any interested persons or entities (including the Consumer Advocate and any intervenors or participants) to file comments on the HECO Companies' periodic DSM reports within forty-five (45) days after the filing of the report. The commission will review the comments and may issue information requests, further proceedings or an order, if required.

With respect to the HECO Companies' requests for DSM program modifications, the commission will require that all of the HECO Companies' DSM program modification requests be filed in this docket.¹⁴ As indicated in Order No. 23448, the commission is

¹³Consumer Advocate's Opening Brief, filed on October 25, 2006, in Docket No. 05-0069, at 70.

¹⁴The commission also proposes to address any currently pending DSM program modification requests within the dockets in which they were originally filed.

cognizant that timely decisions on the HECO Companies' requests for program modifications would assist the HECO Companies in planning and implementing their DSM programs, and that the HECO Companies may have concerns regarding an "anticipated time lag" in this newly established docket.¹⁵ In order to ensure the timely review of the HECO Companies' DSM program modification requests, the commission will require any interested persons or entities (including the Consumer Advocate and any intervenors or participants) to file any comments or objections within thirty (30) days after the HECO Companies' requests are filed. The requests will be deemed approved forty-five (45) days after filing of the requests unless the commission orders otherwise.

Any interested persons or entities (including the Consumer Advocate and any intervenors or participants) may file comments on either of the two commission proposals set forth above within thirty days of the filing of this Order. After reviewing the comments received, the commission will issue an order in this docket delineating the procedures for addressing the HECO Companies' DSM reports and requests for program modifications.

¹⁵Order No. 23448, at 19.

IV.

Orders

THE COMMISSION ORDERS:

1. A proceeding is hereby instituted to review the HECO Companies' DSM reports and requests for program modifications.

2. The commission, sua sponte, designates HECO, HELCO, MECO, and the Consumer Advocate as parties to this proceeding.

3. Any comments on the proposals identified by the commission in Section III, above, shall be filed within thirty days of the filing of this Order. After reviewing any comments received, the commission will issue an order in this docket delineating the procedures for addressing the HECO Companies' DSM reports and requests for program modifications.

DONE at Honolulu, Hawaii OCT 12 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:

[Signature]
By
Leslie H. Kondo, Commissioner

Jodi Yi
Jodi Yi
Commission Counsel

HECO.HELCO.MECO.DSM.cp

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 23717 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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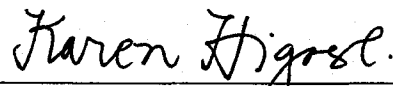
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DATED: OCT 12 2007