

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of )  
HAWAII ELECTRIC LIGHT COMPANY, INC. )

DOCKET NO. 95-0173

For Approval of a Residential )  
Efficient Water Heating Program, )  
Recovery of Program Costs and )  
Lost Revenues, and Consideration )  
for Shareholder Incentives. )

In the Matter of the Application of )  
HAWAIIAN ELECTRIC COMPANY, INC. )

DOCKET NO. 95-0174

For Approval of a Commercial and )  
Industrial Energy Efficiency )  
Program, Recovery of Program Costs )  
and Lost Revenues, and )  
Consideration for Shareholder )  
Incentives. )

In the Matter of the Application of )  
HAWAIIAN ELECTRIC COMPANY, INC. )

DOCKET NO. 95-0175

For Approval of a Commercial and )  
Industrial New Construction )  
Program, Recovery of Program Costs )  
and Lost Revenues, and )  
Consideration for Shareholder )  
Incentives. )

RECEIVED  
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DIV. OF PUBLIC UTILITIES  
HAWAIIAN ELECTRIC COMPANY  
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SUITE 1000  
HONOLULU, HI 96813

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

*per*  
Eleanor R. Luu

In the Matter of the Application of )  
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HAWAIIAN ELECTRIC COMPANY, INC. )  
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For Approval of a Commercial and )  
Industrial Customized Rebate )  
Program, Recovery of Program Costs )  
and Lost Revenues, and )  
Consideration for Shareholder )  
Incentives. )  
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DOCKET NO. 95-0176

(CONSOLIDATED)

DECISION AND ORDER NO. 23943

Filed December 28, 2007

At 12 o'clock P.M.

*John A. D.*  
for Chief Clerk of the Commission

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

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Docket No. 95-0176

(Consolidated)

Decision and Order No. 23943

### DECISION AND ORDER

By this Decision and Order, the commission approves HAWAII ELECTRIC LIGHT COMPANY, INC.'s<sup>1</sup> ("HELCO") request to increase the 2007 budget for the Residential Efficient Water Heating ("REWH") Program by \$246,691, from \$1,017,222 to \$1,263,913 to respond to higher than forecasted customer participation in the REWH Program.

#### I.

##### Background

On July 6, 1995, HELCO filed an application to commence its REWH Program. The REWH Program

focuses on water heating for existing residential customers and the new residential construction market. The program will offer incentives for installing energy efficient water heating alternatives, including solar, heat pump, and high efficiency electric resistance alternatives, and will be offered with available state tax credits to achieve a

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<sup>1</sup>HELCO 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.

comparable payback for all eligible technology measures. The program is expected to decrease HELCO's peak demand by approximately 3.9 [Megawatts ("MW")] and energy use by approximately 16,222 [Megawatt-hours ("MWh")].

. . . . .

The proposed [Demand-Side Management ("DSM")] programs are essentially the same as the DSM programs that were included in the IRP of Hawaiian Electric Company, Inc. ("HECO"), which plan was approved by Decision and Order No. 13839, filed on March 31, 1995, in Docket No. 7257.

See Order No. 14326 ("Order No. 14326"), filed on October 26, 1995, in Docket Nos. 95-0173, 95-0174, 95-0175, and 95-0176 (Consolidated), at 3 and 4.

By Order No. 14326, the commission granted interim approval of the DSM programs proposed in the separate dockets effective from the filing date of the order to the issuance of a final decision in the respective dockets.<sup>2</sup>

On August 14, 1996, the commission approved HELCO's request to modify the proposed REWH Program to include water heating insulation.

By Decision and Order No. 14984, filed on September 12, 1996, in Docket Nos. 95-0173, 95-0174, 95-0175, and 95-0176 (Consolidated), the commission approved the REWH Program for a five-year implementation period.

By Order No. 18242, filed on December 12, 2000, in Docket Nos. 95-0173, 95-0174, 95-0175, and 95-0176 (Consolidated) the commission granted HELCO's request to continue the REWH

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<sup>2</sup>See Order No. 14326, at ordering paragraph 1.

Program for one additional year (from January 1, 2001 to December 31, 2001).

By Order No. 19094, filed on November 30, 2001, in Docket Nos. 95-0173, 95-0174, 95-0175, and 95-0176, the commission approved an October 31, 2001 stipulation between HELCO and the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate"),<sup>3</sup> among other things, to continue the REWH Program "until one year after the commission makes a determination in [HECO's] next rate case of HECO's revenue requirements in an interim decision and order or a final decision and order, whichever comes first."<sup>4</sup>

By Amended Order No. 19094, filed on December 11, 2001, in Docket Nos. 95-0173, 95-0174, 95-0175, and 95-0176, the commission again approved the parties' stipulation, however, subject to certain conditions and modifications.

By Order No. 19788, filed on November 19, 2002, in Docket Nos. 95-0173, 95-0174, 95-0175, and 95-0176, the commission established the date for filing the next joint report as April 30, 2003.

By Decision and Order No. 21698, filed on March 16, 2005, in Docket Nos. 04-0113 and 05-0069 (Separated), the commission separated HECO's proposed DSM programs from Docket No. 04-0113 (its rate case docket), and opened Docket No. 05-0069

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<sup>3</sup>The Consumer Advocate is an ex officio party to all proceedings before the commission pursuant to HRS § 269-51 and Hawaii Administrative Rules ("HAR") § 6-61-62.

<sup>4</sup>See Order No. 19094, filed on November 30, 2001 in Docket Nos. 95-0173, 95-0174, 95-0175 and 95-0176, at 2.

("the Energy Efficiency Docket") which addressed the statewide DSM programs.

By Order No. 21861, filed on June 7, 2005, in the Energy Efficiency Docket, the commission sua sponte named HELCO as one of the parties to that docket, limiting its participation to the issues related to statewide energy policies.

By Order No. 22922 ("Order No. 22922"), filed on October 4, 2006, in Docket Nos. 95-0173, 95-0174, 95-0175, and 95-0176, the commission found that "HELCO was obligated to terminate its recovery of lost gross margins and shareholder incentives on September 27, 2005, when HECO was granted interim rates in [its rate case docket]."<sup>5</sup> The commission permitted HELCO to continue to accrue lost gross margins and shareholder incentives until September 27, 2006.<sup>6</sup>

On September 19, 2007, HELCO filed a letter ("HELCO's Letter") requesting commission approval to increase the 2007 budget for the REWH Program by \$246,691, from \$1,017,222 to \$1,263,913, in response to higher than forecasted customer participation in the program.<sup>7</sup>

On December 3, 2007, the Consumer Advocate submitted a letter to the commission stating that it does not object to the commission's approval of the budget increase.

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<sup>5</sup>See Order No. 22922, at 11.

<sup>6</sup>See Order No. 22922, at 11.

<sup>7</sup>See HELCO's Letter, at 2.

## II.

### Discussion

HELCO states that its requested budget increase "will provide additional funding for customer incentives and application processing costs, without disrupting the progress achieved in the program, to allow HELCO to continue to encourage residential customers to conserve energy by installing solar or high efficiency water heaters."<sup>8</sup>

HELCO explains that previously, it anticipated approximately 475 solar water heating systems and 180 high-efficiency water heater installations.<sup>9</sup> In the first six months of 2007, 444 solar water heating systems and 232 high-efficiency water heaters have been installed.<sup>10</sup> HELCO now forecasts a total of 850 solar water heating systems and 400 high-efficiency water heaters will be installed in 2007.<sup>11</sup>

Of the \$485,425 budgeted for incentives in 2007, HELCO has already dispensed \$497,760 in the period from January to August 2007.<sup>12</sup> In addition, the commission notes that HELCO has only used a fraction of the amounts budgeted for outside services (\$346,344 budgeted for 2007 versus \$35,589 expended from January through August 2007), and advertising and marketing

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<sup>8</sup>See HELCO's Letter, at 1.

<sup>9</sup>See HELCO's Letter, at 2.

<sup>10</sup>See HELCO's Letter, at 2.

<sup>11</sup>See HELCO's Letter, at 2.

<sup>12</sup>See HELCO's Letter, at Exhibit A.



(\$51,500 budgeted versus \$1,158 expended from January to August 2007).<sup>13</sup>

HELCO previously expected 253 kilowatts ("kW") and 1,072 MWh of energy savings.<sup>14</sup> It now anticipates 451 kW of gross demand reduction and 1,919 MWh of energy savings for 2007.<sup>15</sup> HELCO's estimated benefit to cost ratios for 2007, are estimated to increase with the proposed budget.<sup>16</sup>

Based upon a review of the record, the commission finds that HELCO's request to increase the 2007 budget for the REWH Program is reasonable and in the public interest. The budget increase should help to continue HELCO's goals of energy efficiency. Accordingly, the commission concludes that HELCO's request should be approved.

### III.

#### Order

#### THE COMMISSION ORDERS:

HELCO's request to increase the 2007 budget for the REWH Program, by \$246,691, from \$1,017,222 to \$1,263,913, is approved.

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<sup>13</sup>See HELCO's Letter, at Exhibit A.

<sup>14</sup>See HELCO's Letter, at 2.

<sup>15</sup>See HELCO's Letter, at 2.

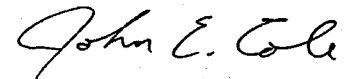
<sup>16</sup>See HELCO's Letter, at Exhibit A.

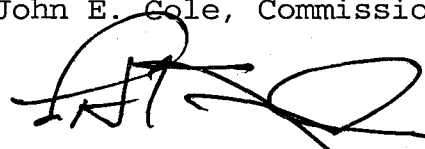
DONE at Honolulu, Hawaii

DEC 28 2007

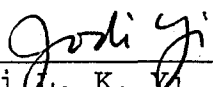
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By:   
Carlito P. Caliboso, Chairman

By:   
John E. Cole, Commissioner

By:   
Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:

  
Jodi L. K. Vi  
Commission Counsel

05-0173,0174,0175,0176consolidated.sl

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 23943 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

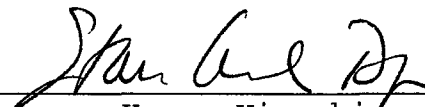
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DIVISION OF CONSUMER ADVOCACY  
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for Karen Higashi

DATED: DEC 28 2007