BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
MAUI ELECTRIC COMPANY, LIMITED ) DOCKET NO. 95-0141
)
For Approval of a Commercial and )
Industrial New Construction
Program, Recovery of Program Costs )
and Lost Revenues, and
Consideration for Shareholder
Incentives.
)

DECISION AND ORDER NO. 23945

Filed December 31, 2007
At 10 o'clock A.M.

Chief Clerk of the Commission

ATTEST: A True Copy
KAREN HIGASHI
Chief Clerk, Public Utilities
Commission, State of Hawaii.
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of) \nMAUI ELECTRIC COMPANY, LIMITED \n\nFor Approval of a Commercial and \nIndustrial New Construction \nProgram, Recovery of Program Costs \nand Lost Revenues, and \nConsideration for Shareholder \nIncentives. \n
Docket No. 95-0141 \nDecision and Order No. 23945

DECISION AND ORDER

By this Decision and Order, the commission approves \nMAUI ELECTRIC COMPANY, LIMITED's ("MECO") request to reduce the \ncustomer incentive levels for compact fluorescent lamps ("CFLs") \nfor its Commercial and Industrial New Construction ("CINC") \nProgram, as described below.

I. \nRequest to Reduce Customer Incentive Levels

By letter dated and filed on September 19, 2007,¹ MECO \nrequests commission approval to reduce the customer incentive \nlevels for CFLs for its CINC Program, as follows:

¹MECO filed its request in this docket and in Docket No. 05-0069. To ensure the completeness of the commission's records, the commission will also file a copy of this Decision and Order in Docket No. 05-0069.
<table>
<thead>
<tr>
<th></th>
<th>Current Incentive</th>
<th>Proposed Incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td>CFL - Screw In</td>
<td>$5.00</td>
<td>$2.50</td>
</tr>
<tr>
<td>CFL - Pin Mount</td>
<td>$5.00</td>
<td>$2.50</td>
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</table>

According to MECO, the current customer incentives for CFLs were based on an estimated installed cost of $20 per CFL in commercial applications. MECO asserts that the installed cost of CFLs has decreased to $10 - $15 per CFL. As such, "MECO maintains that a reduction in the customer incentive level is warranted, and that the reduced customer incentive level should be sufficient to drive the continued adoption by commercial customers of this energy efficiency measure."

By letter dated November 30, 2007, in response to PUC-IR-1, MECO requests further modifications to its customer incentive levels for CFLs to make them consistent with the incentives offered by Hawaiian Electric Company, Inc. ("HECO"). According to MECO, HECO set 25% of the incremental cost of the energy efficiency measure as a benchmark for customer incentive levels in its Commercial and Industrial Energy Efficiency Program. MECO states that "[t]hese incentive levels, based on HECO’s experience, have proven to provide appropriate incentives that encourage adoption of the measure under varying product and

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2MECO’s Response to PUC-IR-1.

3Letter dated and filed September 19, 2007, from Edward L. Reinhardt, President of MECO, to the commission, at 2.
installation scenarios." Accordingly, MECO now requests approval of the following customer incentive levels for CFLs:

<table>
<thead>
<tr>
<th>CFL - Screw In</th>
<th>Current Incentive</th>
<th>Proposed Incentive</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>$5.00</td>
<td>$1.25</td>
</tr>
<tr>
<td>CFL - Pin Mount</td>
<td>$5.00</td>
<td>$2.50</td>
</tr>
<tr>
<td>CFL - Specialty</td>
<td>$5.00</td>
<td>$2.50</td>
</tr>
</tbody>
</table>

The DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF CONSUMER ADVOCACY ("Consumer Advocate") does not object to MECO’s request.

Here, given the reduction in the installed costs of CFLs, it is appropriate to reduce the customer incentive levels. As noted by MECO, "[ratepayer funded [demand-side management ("DSM")]] programs need to strike a balance between offering customer incentives to motivate customers to install energy efficient measures and/or adopt new technologies versus overpaying incentives and/or providing incentives to customers who would have installed the energy efficiency measure even

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4MECO's Response to PUC-IR-1; see also HECO's Response to PUC-IR-2 and PUC-IR-3, filed on November 30, 2007, in Docket Nos. 94-0010, 94-0011, 94-0012 (consolidated).

5By letter dated and filed on December 3, 2007, the Consumer Advocate informed the commission that it does not object to commission approval of MECO's request to reduce the CFL customer incentive levels. The Consumer Advocate is an ex officio party to this docket, pursuant to Hawaii Revised Statutes § 269-51 and Hawaii Administrative Rules § 6-61-62.
without a utility DSM program." Accordingly, the commission approves MECO's request to reduce the customer incentive levels for CFLs for its CINC Program, as described herein.

II. Order

THE COMMISSION ORDERS:

MECO's request to reduce the customer incentive levels for CFLs for its CINC Program, as described herein, is approved.

DONE at Honolulu, Hawaii DEC 31 2007.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By Carlito P. Caliboso, Chairman
John E. Cole, Commissioner

APPROVED AS TO FORM:

Leslie H. Kondo, Commissioner

Stacey Kawasaki Djou
Commission Counsel
CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 23945 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.

CATHERINE P. AWAKUNI
EXECUTIVE DIRECTOR, DIVISION OF CONSUMER ADVOCACY
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
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EDWARD L. REINHARDT
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Counsel for MECO

DATED: DEC 31 2007