

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 REGARDING DEMAND-SIDE  
MANAGEMENT PROGRAMS' GOALS AND BUDGETS

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DIV. OF CONSUMER ADVOCACY  
DEPT. OF COMMERCE AND  
CONSUMER AFFAIRS  
STATE OF HAWAII

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COMMISSION

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FILED

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ORDER REGARDING DEMAND-SIDE  
MANAGEMENT PROGRAMS' GOALS AND BUDGETS

By this Order, the commission grants HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO")<sup>1</sup> requests to increase the demand-side management ("DSM") program budgets as follows: 1) the Commercial and Industrial New Construction ("CINC") Program budget for 2008 will be \$2,014,649; 2) the Residential New Construction ("RNC") Program budget for 2008 will be \$2,572,613; 3) the Energy Solutions for the Home ("ESH") Program budget for 2008 will be \$2,736,190; 4) the Residential Low Income ("RLI") Program budget for 2008 will be \$606,572; 5) the Commercial and Industrial Direct Load Control ("CIDLC") Program budget for 2008 will be \$3,416,246; and 6) the SolarSaver Program ("SSP") budget for 2008

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<sup>1</sup>HECO is a Hawaii corporation and a public utility as defined by Hawaii Revised Statutes § 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.

will be \$162,000. The commission also sets HECO's 2008 DSM program goals for demand reduction and energy savings.

I.

Background

In Docket No. 05-0069, (the "Energy Efficiency Docket"), the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate")<sup>2</sup> proposed that "the [c]ommission establish dockets to consider program evaluations and ensure regulatory oversight over [E]nergy [E]fficiency and [DSM] efforts."<sup>3</sup> By Order No. 23717, filed on October 12, 2007 in this docket, the commission initiated a proceeding to review HECO, Maui Electric Company, Ltd., and Hawaii Electric Light Company, Ltd.'s (collectively, "HECO Companies") DSM reports, including each of the HECO Companies' Annual Program Accomplishments and Surcharge Report ("A&S Report").

The 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

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<sup>2</sup>The Consumer Advocate is an ex officio party to all proceedings before the commission, pursuant to HRS § 269-51 and Hawaii Administrative Rules § 6-61-62. No persons moved to intervene or participate in this docket.

<sup>3</sup>Consumer Advocate's Opening Brief, filed on October 25, 2006, in the Energy Efficiency Docket, at 70.

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.<sup>4</sup> On March 31, 2008, HECO's A&S Report was filed.

By Order No. 24232, filed on May 15, 2008 ("Order No. 24232"), the commission ordered that HECO's 2008 DSM program budgets, as set forth in its A&S Report, are set at the actual amounts expended by HECO in 2007, as follows:

<b>Program</b>	<b>2008 Program Budgets</b>
CIEE	\$2,152,575
CINC	\$1,473,299
CICR	\$1,517,017
REWH	\$3,008,626
RNC	\$1,672,613
ESH	\$1,448,059
RLI	\$36,269
RCEA	\$1,719,857
RDLC	\$4,394,670
CIDLC	\$889,565
SSP	\$64,008
<b>Total</b>	<b>\$18,376,558</b>

Order No. 24232, at Ordering paragraph No. 1. In addition, the commission set HECO's 2008 DSM program goals at the same amount of demand reduction in megawatts ("MW") and energy savings in megawatt hours ("MWh") as was achieved in 2007 for those programs. The commission, however, directed that within thirty (30) days of the filing of Order No. 24232, HECO could

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<sup>4</sup>Order No. 23717, filed on October 12, 2007, in the Energy Efficiency Docket, at n.9.

file supplemental information to support an increase in its 2008 program budgets and goals.

On June 16, 2008, HECO requested an extension of time in which to file its additional information.<sup>5</sup> On June 18, 2008, HECO filed its supplemental information to support an increase in its 2008 budgets and goals ("HECO's June 18, 2008 filing"). HECO states that it requires budget increases to the CINC, RNC, ESH, RLI, CIDLC, and SSP programs as follows:

<b>[Program]</b>	<b>Order [No.] 23242 2007 Actuals</b>	<b>[HECO's proposed] Revised 2008</b>	<b>Difference</b>
CINC	\$1,473,299	\$2,014,649	\$541,350
RNC	\$1,672,613	\$2,572,613	\$900,000
ESH	\$1,448,059	\$2,736,190	\$1,288,131
RLI	\$36,269	\$941,986 <sup>6</sup>	\$905,717 <sup>7</sup>
CIDLC	\$889,565	\$3,416,246	\$2,526,681
SSP	64,008	\$162,000	\$97,992
<b>[Total]</b>	<b>\$5,583,813</b>	<b>\$3,578,246</b>	<b>[\$6,259,871<sup>8</sup> increase requested by HECO]</b>

See HECO's June 18, 2008 filing, at 4 (Table 2) (modified). HECO does not request an increase in the 2008 budgets for the

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<sup>5</sup>The commission grants HECO's June 16, 2008 letter request for an extension of time from June 16, 2008 to June 18, 2008 in which to respond to Order No. 24232.

<sup>6</sup>HECO reduced its request for an increase in the RLI budget by \$335,414 such that the total 2008 budget would be \$606,572. See HECO's Response to PUC-IR-102.

<sup>7</sup>Id.

<sup>8</sup>Id.

Commercial and Industrial Energy Efficiency ("CIEE"), Commercial and Industrial Customized Rebate ("CICR"), Residential Existing Water Heating ("REWH"), Residential Customer Energy Awareness ("RCEA"), and Residential Direct Load Control ("RDLC") programs. On June 23, 2008, at HECO's request, the parties met with the commission to discuss HECO's filing. On June 26, 2008, the commission issued PUC-IR-101 to 103.

On June 30, 2008, HECO responded to PUC-IR-101 to 103. Among other things, HECO 1) submitted information supporting its CIDLC Program budget; 2) reduced its request for an increase in the RLI Program budget by \$335,414 such that the 2008 budget was reduced from \$941,986 to \$606,572; and 3) explained that it made a mistake in the calculation of incentives for the CINC Program in one of its exhibits.

## II.

### Discussion

#### A.

##### Budget Increases for Specific DSM Programs

A large portion of HECO's requested budget increases are for the customer incentive aspects of the DSM programs. HECO states that the CINC Program and RNC Program budget increases are wholly for customer incentives, which are correlated to higher than anticipated customer participation.<sup>9</sup> Similarly, \$716,574, a

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<sup>9</sup>HECO's June 18, 2008 filing, at 5-7.

large portion of the \$1,288,131 increase<sup>10</sup> requested by HECO for the ESH Program is based on additional funding for customer incentives.<sup>11</sup> Moreover, HECO states that the CIDLC Program requires the increase in budget largely to pay for customer incentives.<sup>12</sup>

HECO states that the request for increase of the RLI Program budget by \$570,303, to a total of \$606,572, is for costs associated with operating the program since 2008 will be its first full year, and to account for higher costs associated with the outside agency which HECO uses for this project.<sup>13</sup> The commission agrees that the RLI Program requires increased funding due to the fact that 2008 will be its first operational year.

HECO states that its load control programs have customers committed or enrolled for long periods of time and HECO must pay recurring incentives monthly, as well as increased incentive amounts for newly acquired customers.<sup>14</sup>

HECO states that the SSP Program budget increase is needed because the 2007 budget will not suffice as this program

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<sup>10</sup>The commission notes that the ESH program has had multiple requests for budget increases granted due to the success of the Compact Fluorescent Lamp ("CFL") coupons. Because the commission believes the use of CFLs has become widespread, and questions the need to continue ratepayer subsidization of their purchase, the commission is not inclined to grant further monies for CFL incentives beyond this 2008 budget.

<sup>11</sup>HECO's June 18, 2008 filing, at 7-9.

<sup>12</sup>HECO's June 18, 2008 filing, at 10-16; and HECO's Response to PUC-IR-101.

<sup>13</sup>HECO's June 18, 2008 filing, at 9-10; and HECO's Response to PUC-IR-102.

<sup>14</sup>HECO's June 18, 2008 filing, at 10.

was not fully implemented for much of 2007, but will be more active in 2008.<sup>15</sup>

Based on the foregoing, the commission finds HECO's 2008 DSM program budget increases for the CINC, RNC, ESH, RLI, CIDLC, and SSP programs to be reasonable. The commission also informs the parties that in future requests for budget increases, the utility is expected to submit each DSM program's benefit-cost ratios, and that the commission may consider revising the demand reduction and energy savings goals if budgets are increased.

B.

DSM Programs' Demand Reduction and Energy Savings Goals

In Order No. 23448, filed on May 21, 2007, in the Energy Efficiency Docket ("Order No. 23448") among other things, the commission set HECO's demand reduction and energy savings goals. HECO's A&S report, filed on March 31, 2008, provided the commission with HECO's 2007 actual demand reduction and energy savings goals. The commission, in Order No. 24232, set HECO's 2008 goals at the 2007 actual levels, inadvertently utilizing incremental goal figures. The commission herein vacates that portion of Order No. 24232 that pertains to the DSM programs' demand reduction and energy savings goals.

The commission herein adopts the 2008 cumulative goals proposed in HECO's June 18, 2008 filing, at 17 (Table 5). These figures are a combination of the incremental goals in Order No. 24232 added to the cumulative goal for 2007 in Order

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<sup>15</sup>HECO's June 18, 2008 filing, at 10.



No. 23448. The 2008 demand reduction and energy savings goals shall be:

**Cumulative Goals  
Gross System Level**

	<b>Annualized Megawatt-Hour</b>		<b>Gross Megawatt</b>	
	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>
<b>Commercial and Industrial</b>				
CIEE	46,757	69,268	6.878	10.110
CINC	19,540	35,650	2.864	5.521
CICR	25,252	44,526	3.299	5.899
<b>Subtotal</b>	<b>91,549</b>	<b>149,444</b>	<b>13.041</b>	<b>21.530<sup>16</sup></b>
<b>Residential</b>				
ESH	24,938	79,579	5.866	16.109
REWH	7,582	13,506	1.739	3.082
RNC	6,045	8,414	1.778	2.568
RLI	2,633	2,633	0.591	0.591
SSP	204	233	0.046	0.052
<b>Subtotal</b>	<b>41,402</b>	<b>104,365</b>	<b>10.020</b>	<b>22.402<sup>17</sup></b>
<b>Total Energy Efficiency Goals</b>	<b>132,951</b>	<b>253,809</b>	<b>23.061</b>	<b>43.932<sup>18</sup></b>

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<sup>16</sup>Slight difference from HECO's Table 5 due to apparent calculation error.

<sup>17</sup>Slight difference from HECO's Table 5 due to apparent calculation error.

<sup>18</sup>Slight difference from HECO's Table 5 due to apparent calculation error.

C.

HECO's Load Control Program Goals

In Order No. 24232, the commission identified 2008 goals for HECO's CIDLC Program and for HECO's RDLC Program.<sup>19</sup> HECO seeks confirmation from the commission that these goals for HECO's load management programs have been identified by the commission for information and budgeting purposes only, and are not a component of the DSM Utility Incentives mechanism for energy efficiency DSM programs. HECO notes that in Decision and Order No. 23258 and Order No. 23448, the commission identified goals for HECO's energy efficiency programs, but did not identify goals for HECO's load management programs.<sup>20</sup> HECO further notes that the commission's DSM Utility Incentive methodology is based on the achievement of goals for energy efficiency programs only.<sup>21</sup>

The commission confirms that the 2008 goals for HECO's CIDLC Program and for HECO's RDLC Program have been identified by the commission for information and budgeting purposes only, and are not a component of the DSM Utility Incentives mechanism for energy efficiency DSM programs.

HECO also requests commission approval to modify its 2008 demand reduction goal for the CIDLC Program.<sup>22</sup> As confirmed above, the 2008 goal for the CIDLC Program is for information and

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<sup>19</sup>HECO's June 18, 2008 filing, at 18.

<sup>20</sup>HECO's June 18, 2008 filing, at 18.

<sup>21</sup>HECO's June 18, 2008 filing, at 18.

<sup>22</sup>HECO's June 18, 2008 filing, at 18 - 19.

budgeting purposes only and, as set forth above, Order No. 24232 is vacated as to demand reduction and energy savings goals. Therefore, commission approval to modify the CIDLC Program goal is not required.

### III.

#### Orders

##### THE COMMISSION ORDERS:

1. HECO's 2008 DSM program budgets are revised as set forth below:

<b>Program</b>	<b>2008 Program Budgets in Order No. 24232</b>	<b>Difference</b>	<b>2008 Program Budgets</b>
CIEE	\$2,152,575	0	\$2,152,575
CINC	\$1,473,299	\$541,350	\$2,014,649
CICR	\$1,517,017	0	\$1,517,017
REWH	\$3,008,626	0	\$3,008,626
RNC	\$1,672,613	900,000	\$2,572,613
ESH	\$1,448,059	1,288,131	\$2,736,190
RLI	\$36,269	570,303	\$606,572
RCEA	\$1,719,857	0	\$1,719,857
RDLC	\$4,394,670	0	\$4,394,670
CIDLC	\$889,565	2,526,681	\$3,416,246
SSP	\$64,008	97,992	\$162,000
<b>Total</b>	<b>\$18,376,558</b>	<b>\$5,924,457.00</b>	<b>\$24,301,015.00</b>

2. HECO's 2008 cumulative demand reduction and energy savings goals are as follows:

**Cumulative Goals  
Gross System Level**

	<b>Annualized Megawatt-Hour</b>		<b>Gross Megawatt</b>	
	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>
<b>Commercial and Industrial</b>				
CIEE	46,757	69,268	6.878	10.110
CINC	19,540	35,650	2.864	5.521
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<b>Subtotal</b>	<b>91,549</b>	<b>149,444</b>	<b>13.041</b>	<b>21.530<sup>23</sup></b>
<b>Residential</b>				
ESH	24,938	79,579	5.866	16.109
REWH	7,582	13,506	1.739	3.082
RNC	6,045	8,414	1.778	2.568
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SSP	204	233	0.046	0.052
<b>Subtotal</b>	<b>41,402</b>	<b>104,365</b>	<b>10.020</b>	<b>22.402<sup>24</sup></b>
<b>Total Energy Efficiency Goals</b>	<b>132,951</b>	<b>253,809</b>	<b>23.061</b>	<b>43.932<sup>25</sup></b>

<sup>23</sup>Slight difference from HECO's Table 5 due to apparent calculation error.

<sup>24</sup>Slight difference from HECO's Table 5 due to apparent calculation error.

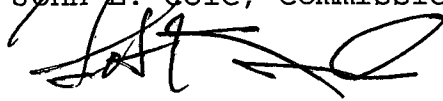
<sup>25</sup>Slight difference from HECO's Table 5 due to apparent calculation error.

DONE at Honolulu, Hawaii JUL - 7 2008.

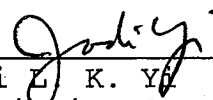
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

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By:   
John E. Cole, Commissioner

By:   
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2007-0341.cp

CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail, postage prepaid, and properly addressed to the following parties:

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