

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 )  
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DOCKET NO. 2007-0341

ORDER REGARDING MECO'S  
RESIDENTIAL EFFICIENT WATER HEATING PROGRAM

RECEIVED

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

PUBLIC UTILITIES  
COMMISSION

2008 DEC 26 A 8:50

FILED

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

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PUBLIC UTILITIES COMMISSION	)
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Hawaiian Electric Company, Inc.,	)
Hawaii Electric Light Company, Inc.)	)
and Maui Electric Company, Ltd.'s	)
Demand-Side Management Reports and	)
Requests for Program Modifications	)
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Docket No. 2007-0341

ORDER REGARDING MECO'S  
RESIDENTIAL EFFICIENT WATER HEATING PROGRAM

By this Order, the commission approves MAUI ELECTRIC COMPANY, LTD.'s ("MECO")<sup>1</sup> request to increase the 2008 budget for the Residential Efficient Water Heating ("REWH") Program by \$224,196, from \$1,679,277 to \$1,903,473. The commission, however, will increase the REWH program goals commensurate with the increased budget request, to 798 kW of gross demand reduction and 3,488 MWh of energy savings for 2008.

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<sup>1</sup>MECO is a Hawaii corporation and a public utility as defined by Hawaii Revised Statutes § 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, transmission, distribution, and sale of electricity on the island of Lanai.

I.

Background

By Order No. 23717, filed on October 12, 2007, in this docket ("Order No. 23717"), the commission adopted a procedure to review the HECO Companies'<sup>2</sup> demand-side management ("DSM") program modification requests. The commission stated:

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 . . . . 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.

Order No. 23717, at 6-7.

On November 14, 2008, MECO filed a letter requesting an increase in the REWH program budget of \$224,196, from \$1,679,277 to \$1,903,473 for the year 2008.<sup>3</sup> MECO states:

As a result of higher than expected customer acceptance of [the] REWH Program, MECO has updated its forecast for the number of solar, high-efficiency water heating and heat pumps systems expected to be installed in 2008. MECO now forecasts 1,327 solar water heating systems, 269 high-efficiency water heaters and 53 heat pumps will be installed in 2008. The previous forecast, provided in MECO's 2008 Annual Program Accomplishments and Surcharge ("A&S") Report, filed May 30, 2008,

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<sup>2</sup>MECO, Hawaiian Electric Company, Inc. and Hawaii Electric Light Company, Inc. are collectively referred to as the "HECO Companies."

<sup>3</sup>Letter filed on November 14, 2008, from MECO to the commission, at 1.

was based on 1,023 solar water heating systems, 77 high-efficiency water heater[s] and no heat pumps [sic] installations. In the first ten months of 2008, 1,024 solar water heating systems and 79 high-efficiency water heaters have been installed. The customer participation levels are anticipated to exceed the forecast as customers respond to increasing electricity costs. With the higher forecasted participation levels, MECO now expects to achieve 798 kW of gross demand reduction and 3,448 MWh of energy savings for 2008, compared to the previous forecast of 577 kW and 2,498 MWh.

Letter filed on November 14, 2008, from MECO to the commission, at 2 (emphasis added).<sup>4</sup>

## II.

### Discussion

MECO requests to increase its 2008 REWH budget by \$224,196, from \$1,679,277 to \$1,903,473. According to MECO, "[t]his increase in the budget will primarily provide additional funding for customer incentives to allow MECO to continue to encourage residential customers to conserve energy by installing solar or high efficiency water heaters without disrupting the progress achieved in the program."<sup>5</sup> As the increase is for incentives, the commission approves the request.

The commission, however, will increase the REWH program goals commensurately. By Order Regarding HECO's Annual Program Modification and Evaluation Report, Filed on September 30, 2008,

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<sup>4</sup>MECO's previous forecast of 577 kW and 2,498 MWh for the 2008 REWH Program was based on MECO's A&S Report, at 17.

<sup>5</sup>Letter filed on November 14, 2008, from MECO to the commission, at 1.

filed on November 14, 2008 ("HECO M&E Order"), the commission stated:

In the future, if the HECO Companies submit a request for a program modification, including any budget increases, said request must be accompanied by the Companies' projected energy and demand savings as a result of the modification; and proposed revised (increased) goals that incorporate those projected energy and demand savings.

HECO M&E Order, at 11.

The commission recognizes that the HECO M&E Order was filed at 3:01 p.m. and MECO's letter request to the commission was filed that same day at 3:30 p.m., therefore, MECO was likely not aware of the contents of the order at the time that it filed the letter request regarding its REWH Program. Consistent with the HECO M&E Order, the commission will increase the 2008 REWH goals commensurate with the increased customer participation in the REWH Program. Based on MECO's filing, the company expects to achieve 798 kW of gross demand reduction and 3,448 MWh of energy savings for 2008, compared to the previous forecast of 577 kW and 2,498 MWh.<sup>6</sup>

Based upon the above, the commission approves MECO's November 14, 2008 letter request for increased budget and increases the goals of the REWH Program commensurate with the budget increase to 798 kW of gross demand reduction and 3,488 MWh of energy savings for 2008.

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<sup>6</sup>Letter filed on November 14, 2008, from MECO to the commission, at 2.

III.

Orders

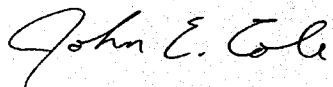
1. MECO's request to increase the 2008 budget of its REWH Program by \$224,196, from \$1,679,277 to \$1,903,473 is approved.

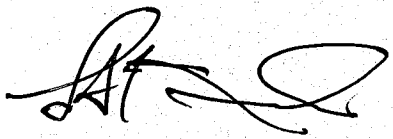
2. MECO's 2008 goals for its REWH Program are increased to 798 kW of gross demand reduction and 3,488 MWh of energy savings for 2008.

DONE at Honolulu, Hawaii DEC 26 2008.

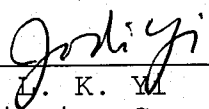
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By:   
Carlito P. Caliboso, Chairman

By:   
John E. Cole, Commissioner

By:   
Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:

  
Jodi L. K. Yi  
Commission Counsel

2007-0341.laa

CERTIFICATE OF SERVICE

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

CATHERINE P. AWAKUNI  
EXECUTIVE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
DIVISION OF CONSUMER ADVOCACY  
P. O. Box 541  
Honolulu, HI 96809

DARCY ENDO-OMOTO  
VICE PRESIDENT  
GOVERNMENT AND COMMUNITY AFFAIRS  
HAWAIIAN ELECTRIC COMPANY, INC.  
P.O. Box 2750  
Honolulu, HI 96840-0001

DEAN MATSUURA  
MANAGER, REGULATORY AFFAIRS  
HAWAIIAN ELECTRIC COMPANY, INC.  
P.O. Box 2750  
Honolulu, HI 96840-0001

EDWARD REINHARDT  
PRESIDENT  
MAUI ELECTRIC COMPANY, LTD.  
P.O. Box 398  
Kahului, HI 96733-6898

JAY IGNACIO  
PRESIDENT  
HAWAII ELECTRIC LIGHT COMPANY, LTD.  
P.O. Box 1027  
Hilo, HI 96721-1027

THOMAS W. WILLIAMS, JR., ESQ.  
PETER Y. KIKUTA, ESQ.  
GOODSILL, ANDERSON, QUINN & STIFEL  
Alii Place, Suite 1800  
1099 Alakea Street  
Honolulu, HI 96813

Counsel for HECO, MECO, and HELCO