

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

-----In the Matter of-----)
)
PUBLIC UTILITIES COMMISSION)
)
Instituting a Proceeding to)
Investigate the Proposed Tariffs)
Filed by Hawaiian Electric)
Company, Inc., Hawaii Electric)
Light Company, Inc., and Maui)
Electric Company, Limited,)
Governing Distributed Generation)
and Other Related Matters.)
_____)

DOCKET NO. 2006-0497

DECISION AND ORDER NO. 24229

Filed May 15, 2008
At 12 o'clock P.M.

Karen Higdon
Chief Clerk of the Commission

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

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DECISION AND ORDER

By this Decision and Order,¹ the commission approves the Stipulation Regarding Hearing and Commission Approval Concerning Schedule SS Standby Service Tariffs, jointly filed by the Parties on March 7, 2008.² As a result, the Standby Service

¹The Parties in this proceeding are HAWAIIAN ELECTRIC COMPANY, INC. ("HECO"), HAWAII ELECTRIC LIGHT COMPANY, INC. ("HELCO"), and MAUI ELECTRIC COMPANY, LIMITED ("MECO") (collectively, the "HECO Companies"); HAWAII RENEWABLE ENERGY ALLIANCE ("HREA"); CHAPEAU, INC., dba BLUEPOINT ENERGY ("BluePoint Energy"), STARWOOD HOTELS AND RESORTS WORLDWIDE, INC. ("Starwood Resorts"), and the HAWAII HEALTH SYSTEMS CORPORATION ("HHSC") (collectively, the "BluePoint Energy Intervenors"); JW MARRIOTT IHI LANI RESORT & SPA, WAIKOLOA MARRIOTT BEACH RESORT & SPA, MAUI OCEAN CLUB, and WAILEA MARRIOTT (collectively, the "Marriott Intervenors"); KAHALA SENIOR LIVING COMMUNITY, INC. ("Kahala SLC"); the UNITED STATES COMBINED HEAT AND POWER ASSOCIATION ("USCHPA"); and the DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF CONSUMER ADVOCACY ("Consumer Advocate"), an ex officio party to this proceeding, pursuant to Hawaii Revised Statutes ("HRS") § 269-51 and Hawaii Administrative Rules ("HAR") § 6-61-62(a).

²Stipulation Regarding Hearing and Commission Approval Concerning Schedule SS Standby Service Tariffs; Exhibits A - B; and Certificate of Service, filed on March 7, 2008, as

Tariffs jointly agreed-upon by the Parties shall take effect from the date of this Decision and Order.

I.

Background

HECO, HELCO, and MECO are the franchised providers of electric utility service on the islands of Oahu (HECO), Hawaii (HELCO), Lanai, Maui, and Molokai (MECO). The power systems on each of these islands are stand-alone systems that are not interconnected with power systems on the other islands.

A.

Rider M and Rider T

The HECO Companies' Rider M, Off-Peak and Curtailable Service ("Rider M"), described as a load management rider, is available to customers served under rate Schedules J or P, whose maximum measured demands prior to any load modifications effected under Rider M, exceed 100 kilowatts ("kW") and 300 kW, respectively. Pursuant to Rider M, the customer has the option of selecting: (1) Option A, Off-Peak Service; or (2) Option B, Curtailable Service. In general, Option A provides for lower charges for a customer whose highest measured demand occurs during the electric utility's off-peak periods of 9:00 p.m. to 7:00 a.m., daily, while under Option B, a customer that agrees to

supplemented on March 12, 2008 (collectively, "Stipulation"). Exhibit A of the Stipulation consists of the Parties' proposed Schedule SS Standby Service Tariffs for HECO, HELCO, MECO, and MECO's Lanai and Molokai Divisions (collectively, the "Standby Service Tariffs" or "Schedule SS").

curtail the customer's kW demand during the utility's curtailment hours is entitled to a reduced billing demand charge.³

The HECO Companies' Rider T, Time-of-Day Rider ("Rider T"), "is available to customers on rate Schedule J or P but cannot be used in conjunction with the load management Rider M, Rider I or Schedule U."⁴ Under Rider T, the customer is assessed a fixed monthly time-of-day metering charge, while the time-of-day energy charge is subject to a surcharge for energy used during the utility's on-peak periods (7:00 a.m. to 9:00 p.m., daily), and a credit for energy used during the utility's off-peak periods (9:00 p.m. to 7:00 a.m., daily).⁵

B.

Docket No. 99-0177

By Decision and Order No. 17600, filed on March 10, 2000, in In re Hawaii Elec. Light Co., Inc., Docket No. 99-0177 ("Docket No. 99-0177"), the commission approved HELCO's request to establish its Tariff Rule 4, Standard Form Contract for Customer Retention ("Rule 4"). Rule 4 authorizes HELCO to discount its Schedule P and Schedule J rates by ten percent to combat different types of situations involving self-generation. In approving HELCO's Rule 4, the commission noted:

³See, e.g., HECO's Tariff, Rider M.

⁴HECO's Tariff, Rider T, Sheet No. 67.

⁵See, e.g., HECO's Tariff, Rider T.

. . . we find that the standard form contract will give HELCO a reasonable opportunity to react to proposals offered to customers by the self-generation industry.

At the same time, HELCO will not be allowed to recover any reduction in revenues resulting from HELCO's use of its standard form contract, until approval for such recovery is obtained in a general rate increase proceeding. Since we do not guarantee the approval of such recovery, HELCO remains at risk of absorbing any loss in revenues from its use of the standard form contract.

Docket No. 99-0177, Decision and Order No. 17600, at 4-5.

C.

Docket No. 99-0207

By Decision and Order No. 18575, filed on June 1, 2001, in In re Hawaii Elec. Light Co., Inc., Docket No. 99-0207 ("Docket No. 99-0207"), HELCO's 2000 calendar test year rate case, the commission approved as reasonable HELCO's request to establish a standby service rider, known as Rider A ("Rider A").⁶

D.

Docket No. 03-0371

By Decision and Order No. 22248, filed on January 27, 2006, in In re Public Util. Comm'n, Docket No. 03-0371 ("Docket No. 03-0371"), the commission's distributed generation investigative proceeding, the commission "set forth

⁶Specifically, the commission approved the proposed Rider A agreed-upon between HELCO and the Consumer Advocate. Citizens Communications Company, dba The Gas Company, a participant that was limited to providing input "as to the effects of Rider A on self-generators that use gas as a fuel source," did not join in the stipulation. Docket No. 99-0207, Decision and Order No. 18575, filed on June 1, 2001.

certain policies and principles for the deployment of distributed generation in Hawaii and certain guidelines and requirements for distributed generation, some of which will be further defined by tariff as approved by the commission."⁷ Decision and Order No. 22248 sets forth certain requirements for the electric utilities, including the requirement that the utilities file proposed interconnection and standby service tariffs for the commission's review and approval.

On July 27, 2006, the HECO Companies filed proposed revisions to their existing interconnection tariff, known as Tariff Rule 14H ("Rule 14H").⁸ On August 28, 2006, the HECO Companies filed their proposed standby service tariffs.⁹

⁷Docket No. 03-0371, Decision and Order No. 22248, filed on January 27, 2006, at 1. The parties in Docket No. 03-0371 were the HECO Companies, Kauai Island Utility Cooperative, the Consumer Advocate, Life of the Land, HREA, Hess Microgen, LLC, and the County of Maui. The County of Kauai was the sole participant. On April 6, 2006, the commission: (1) granted in part and denied in part the motion for clarification filed by the HECO Companies; and (2) denied the HECO Companies' motion for partial reconsideration. Docket No. 03-0371, Order No. 22375, filed on April 6, 2006.

⁸See Docket No. 03-0371, HECO Companies' Transmittal Letter, dated July 27, 2006. With respect to Rule 14H, the commission, by Decision and Order No. 22248, held that the HECO Companies "shall be allowed to continue to utilize interconnection tariff Rule 14.H until new amendments are approved by the commission." Docket No. 03-0371, Decision and Order No. 22248, Ordering Paragraph No. 8, at 47.

⁹HELCO presently has a Rider A. See Docket No. 99-0207, Decision and Order No. 18575; see also Docket No. 03-0371, Decision and Order No. 22248, at 41-42 n.64. For the HECO Companies: (1) HECO proposes a standby service tariff; (2) HELCO proposes to revise its existing standby service tariff (from Rider A to Schedule SS); and (3) MECO proposes separate standby service tariffs for its Lanai, Maui, and Molokai divisions.

Thereafter, HREA, the Consumer Advocate, and the County of Maui filed their comments on the HECO Companies' proposed revisions to Rule 14H and the proposed standby service tariffs.¹⁰ In addition, the commission received unsolicited comments on the HECO Companies' proposed standby service tariffs from third-persons who were not parties or participants to the proceeding. The non-parties, in general, requested hearings on the proposed standby service charges, and the opening of a new standby service docket so that all interested stakeholders would have the opportunity to participate.

E.

Docket No. 2006-0497

As a result of the concerns raised by the interested, non-party stakeholders, the commission, on December 28, 2006, opened this investigative proceeding to review and address the proposed interconnection and standby service tariffs filed by the HECO Companies in Docket No. 03-0371.¹¹ The commission named the

¹⁰On September 8, 2006, HREA commented on the HECO Companies' proposed revisions to Rule 14H. On October 3, 2006, the Consumer Advocate commented on the HECO Companies' proposed standby service tariffs and the proposed revisions to Rule 14H. On October 4, 2006, the County of Maui commented on the HECO Companies' proposed standby service tariffs. On November 3, 2006, the Consumer Advocate provided further comments on the HECO Companies' proposed tariffs.

¹¹Order No. 23171, filed on December 28, 2006. Docket No. 2006-0497, in effect, supersedes Docket No. 03-0371. See Docket No. 03-0371, Order No. 23746, filed on October 19, 2007.

Another issue in this docket was whether the commission should adopt, modify, or decline to adopt in whole or part, the federal interconnection standards set forth in Section 111(d)(15)

HECO Companies and the Consumer Advocate as parties to Docket No. 2006-0497, and invited interested persons to timely move to intervene or participate.¹²

Thereafter, following public notice and the completion of public hearings,¹³ the commission, on April 19, 2007, granted intervention to HREA, the BluePoint Energy Intervenors, the Marriott Intervenors, Kahala SLC, and USCHPA.¹⁴

On August 31, 2007, the HECO Companies filed their revised proposed standby service tariffs. On October 12, 2007, the HECO Companies filed their Statement of Position on Standby Service. On November 16, 2007, position statements on the HECO of the Public Utility Regulatory Policies Act of 1978 ("PURPA"), as amended by the Energy Policy Act of 2005, which adopt by reference the Institute of Electrical and Electronics Engineers, Inc.'s Standard 1547, Standard of Interconnecting Distributed Resources with Electric Power Systems, "as they may be amended from time to time." 16 U.S.C. § 2621(d)(15). On July 27, 2007, the commission, by Decision and Order No. 23562, declined to adopt the PURPA interconnection standards.

¹²As explained by the commission in Order No. 23171:

As noted in the attached Certificate of Service, copies of [Order No. 23171] are being served on: (1) the parties and participant in Docket No. 03-0371; and (2) all non-parties that submitted written comments on the proposed tariffs in Docket No. 03-0371, prior to the opening of this docket. This action, as a courtesy, provides ample opportunity for interested persons to timely move to intervene or participate in this proceeding. (Because USCHPA's letter does not list its address, a copy of this Order is being mailed to the address of its national headquarters, as listed on its website.)

Docket No. 03-0371, Order No. 23171, at 10 n.15 (emphasis added).

¹³The notice of public hearings was published in The Garden Island, Hawaii Tribune-Herald, Honolulu Star-Bulletin, The Maui News, and West Hawaii Today, and public hearings were held during February and March 2007, on Oahu, Hawaii (Hilo and Kona), Maui, Molokai, and Lanai.

¹⁴Order No. 23373, filed on April 19, 2007.

Companies' revised proposed standby service tariffs were filed by the Consumer Advocate, HREA, and the Hawaii Distributed Generation Group.¹⁵

On January 18, 2008, the commission held a status conference with the Non-USCHPA Parties,¹⁶ at which time the Non-USCHPA Parties represented that the Parties were very close to reaching a settlement agreement in principle on the standby service tariffs, and thus, requested: (1) an extension of time, until March 7, 2008, to file their settlement agreement; and "(2) a hearing to discuss the basis of the forthcoming settlement agreement and to respond to any questions from the commission, in lieu of the prehearing conference, evidentiary hearing, and post hearing filings."¹⁷ On January 29, 2008, the commission: (1) approved the request for an extension of time, until March 7, 2008, for the Parties to file their settlement agreement; and (2) scheduled a commission hearing on the forthcoming settlement agreement for March 24, 2008.¹⁸

On March 7, 2008, the Parties filed their Stipulation. Exhibit A of the Stipulation consists of the Parties' proposed Schedule SS Standby Service Tariffs for HECO, HELCO, MECO, and MECO's Lanai and Molokai Divisions. Exhibit B of the Stipulation

¹⁵The self-described Hawaii Distributed Generation Group consists of the BluePoint Energy Intervenors, Kahala SLC, and USCHPA.

¹⁶USCHPA did not attend or participate in the status conference.

¹⁷Order No. 23987, filed on January 29, 2008, at 5.

¹⁸Order No. 23987.

provides the derivation of the standby service rates incorporated in Exhibit A.

By their Stipulation, the Parties submit for the commission's review and approval their agreed-upon proposed Standby Service Tariffs to govern the HECO Companies. In reaching mutual agreement on the Stipulation, the Parties stipulate in relevant part:

WHEREAS, the HECO Companies' proposed Schedule SS Standby Service tariffs apply to customers with alternate regular source(s) of energy other than electricity from the HECO Companies when such sources are connected to the utilities' systems and for which the customer relies on the utility for power service when the alternate source, or non-utility power source(s), is not being operated;

WHEREAS, service under Schedule SS shall be at least 25 kW, supplied and metered at a single voltage and delivery point as specified by the HECO Companies;

WHEREAS, HECO and Kahala Senior Living recognize that Kahala Senior Living has unique circumstances with respect to the operation of its combined heat and power unit, which HECO and Kahala Senior Living will work together to address in the Rider M contract between HECO and Kahala Senior Living;

WHEREAS, the parties have reached agreement on the HECO Companies' proposed Schedule SS Standby Service tariffs, and herein submit a Stipulation Regarding Hearing and Commission Approval Concerning Schedule SS Standby Service Tariffs which is acceptable to all parties;

NOW THEREFORE, it is hereby stipulated and agreed by the parties, as follows:

1. The parties agree that the HECO Companies' proposed Schedule SS Standby Service tariffs, attached as Exhibit A, are reasonable and should be approved by the Commission. Exhibit B provides the derivation of the standby service rates included in Exhibit A.

2. Following the Commission Hearing on Settlement Agreement, scheduled to be held March 24, 2008, 9:00 a.m., at the Commission's Hearing Room, the parties do not request additional procedural steps or an evidentiary hearing with respect to the HECO Companies' proposed Schedule SS Standby Service tariffs.
3. The parties agree that Schedule SS customers are eligible for the HECO Companies' optional rider tariffs, including, but not limited to, the HECO Companies' current Rider M and Rider T, and any riders that may be applicable in the future. Schedule SS customers are not excluded from other programs currently offered by the HECO Companies, e.g., HECO's Commercial and Industrial Direct Load Control Program, Docket No. 03-0415, and other programs as offered by the HECO Companies from time to time, provided that Schedule SS customers meet the eligibility requirements of the other programs. As part of a Commission order approving Schedule SS, the parties are hereby requesting Commission approval of the HECO Companies' request to amend their optional rider tariffs, e.g., Rider M and Rider T, in order to ensure that these riders may be used in conjunction with Schedule SS, as has been agreed to in this stipulation. The HECO Companies would revise each of those riders by adding language such as the following to the Availability section of each tariff: "A customer utilizing this rider shall be permitted to use this rider in conjunction with Schedule SS." Upon Commission approval of this stipulation, the HECO Companies will make conforming tariff filings within 30 days of the issuance of the order approving the stipulation.
4. The parties agree that for a moratorium period of three years, commencing with the initial effective date of the Schedule SS Standby Service tariffs, no party to this stipulation may propose any modifications, in a general rate case proceeding or any other proceeding before the Commission, to the methodologies employed in the development of the Schedule SS Standby Service tariffs. Notwithstanding this moratorium on modifications to the methodologies employed in the development of the HECO Companies'

Schedule SS Standby Service tariffs, the parties agree that in any future general rate case proceeding for any of the HECO Companies, the individual Company shall be allowed to update its respective cost of service studies and other studies or analyses used in the development of its proposed rate design and resulting rates for its various rate schedules and optional rider tariffs, and that any resulting updates to the rates to be included in the rate schedules and rider tariffs shall be allowed to go into effect, subject to Commission approval in an interim or final decision and order, or other order, in the rate case proceeding. All parties reserve all rights to challenge the derivation, computation and level of these rates, but agree not to (1) challenge the filing of such updates on grounds that such updates are contrary to this stipulation, and (2) propose any modifications to the methodologies employed in the development of the Schedule SS Standby Service tariffs while the moratorium referenced above in this provision is still in effect. Further, as provided for in the Schedule SS Standby Service tariffs, the parties agree that the two billing options included in the Schedule SS Standby Service tariffs, i.e., the Regular Rate Schedule Billing Option and the Standby Rate Billing Option, shall remain in force for at least ten years from the initial effective date of the Schedule SS Standby Service tariffs. The parties further agree that the option to change to or from either the Regular Rate Schedule Billing Option or the Standby Rate Billing Option shall remain in force for at least five years from the initial effective date of the Schedule SS Standby Service tariffs.

5. HELCO currently has in effect two Standard Form Contracts for Customer Retention that were entered into pursuant to Rule 4, section D, of its tariff, which was allowed to take effect pursuant to Decision and Order No. 17600, issued May 10, 2000, in Docket No. 99-0177. HELCO and the parties agree that within 14 days of Commission approval of this stipulation, HELCO will file an application with the Commission requesting approval to withdraw its Rule 4, section D, and during the period before Commission approval of such application to be filed if

this stipulation is approved, HELCO will not solicit any customer to enter into a Standard Form Tariff for Customer Retention. The two contracts currently in effect will not be affected by this stipulation, or by the application to withdraw Rule 4, section D, and will remain in effect until the end of their respective contract terms, unless otherwise terminated in accordance with the terms and conditions of such contracts.

6. The parties agree that the Stipulation Regarding Hearing and Commission Approval Concerning Schedule SS Standby Service Tariffs is a settlement agreement for the purposes of simplifying and expediting this proceeding, and represents a negotiated compromise of the matters agreed upon, and does not constitute an admission by any party with respect to any of the matters agreed upon therein. Following the three-year moratorium period addressed in provision 4. above, the parties expressly reserve their right to take different positions regarding the issue of standby service tariffs in a future general rate case proceeding or other proceeding before the Commission. In addition, if the Commission does not issue an order adopting all material terms of the stipulation, any or all of the parties may withdraw from this stipulation, and such party or parties may pursue their respective positions on the issue of standby service tariffs without prejudice. For the purposes of this stipulation, whether a term is material shall be left to the discretion of the party choosing to withdraw from the stipulation.

Stipulation, at 3-7 (footnote and text therein omitted).

On March 24, 2008, the commission held an oral argument hearing on the Stipulation, consistent with Order No. 23987. Representatives from the Parties participated in the oral argument hearing.¹⁹ Representatives from each of the Parties spoke in strong support of the Stipulation.²⁰

¹⁹USCHPA's representative, with the commission's prior approval, participated by teleconference. See Commission's

On April 18, 2008, the commission approved, subject to certain modifications, the interconnection tariff proposed by the HECO Companies and other parties (except HREA) to govern the interconnection of distributed generation facilities operating in parallel with the electric utility's system.²¹ The commission, on April 18, 2008, also: (1) approved the Parties' voluntary and intentional waiver of the evidentiary hearing, previously

letter, dated January 31, 2008; and Transcript of the Proceedings, held on March 24, 2008 ("Transcript"), at 6.

In addition, a representative from the United States Environmental Protection Agency ("EPA") listened by teleconference. See Transcript, at 6. As previously explained by the commission, in Order No. 23171:

The [EPA], as part of the EPA-State Energy Efficiency and Renewable Energy Projects, of which Hawaii is one of the states selected for this program, will assist the commission in its review of the proposed tariffs.

Order No. 23171, at 7-8 n.13.

²⁰On March 20, 2008, the commission issued three written questions to the Parties, and requested that they respond to each question, "to the extent that the specific question applies to your client[.]" Commission's letter, dated March 20, 2008, at 1.

Question No. 1 asked the HECO Companies to explain why, when comparing the standby charge amounts previously proposed by the HECO Companies in October 2007, only the standby charge amounts for MECO changed, while the amounts for HECO and HELCO remained unchanged. Question No. 2 asked the Parties to identify and discuss the compromises reached between them, which ultimately resulted in the Stipulation. Finally, Question No. 3 asked the existing or potential distributed generation customers whether they calculated the amount of charges they will incur under the Proposed Standby Tariff.

In general, the HECO Companies responded to Question No. 1, all of the Parties responded to Question No. 2, and the Marriott Intervenors, Kahala SLC, and the BluePoint Energy Intervenors responded to Question No. 3.

²¹Decision and Order No. 24159, filed on April 18, 2008.

scheduled for the week of April 28, 2008; and (2) found that the procedures set forth in Schedule B of Order No. 23987, filed on January 29, 2008, were moot.²²

F.

Standby Service Tariffs

Pursuant to the Standby Service Tariffs, standby service is defined as "the power service that the Company is obligated to stand ready to supply when the customer's non-utility power source(s) is (are) not being operated. Standby service refers to power service that the Company provides during both unscheduled outages and Scheduled Maintenance Periods."²³ Supplemental service, meanwhile, is defined as "the power service supplied by the Company in addition to the customer's electric power requirements normally obtained from its non-utility power source(s)."²⁴

The Standby Service Tariffs will apply to "customers with alternate regular source(s) of energy other than electricity from the Company when such sources are connected to the utility's system and for which the customer relies on the utility for power service when the alternate source is not being operated (hereinafter referred to as 'non-utility power source(s)'). Service under this Schedule [SS] shall be at least 25 kW,

²²Order No. 24158, filed on April 18, 2008.

²³Stipulation, Exhibit A, Standby Service Tariffs, Section B, Definitions.

²⁴Stipulation, Exhibit A, Standby Service Tariffs, Section B, Definitions.

supplied and metered at a single voltage and delivery point as specified by the Company."²⁵

1.

Applicability of Tariff Riders and Other Programs

Customers will be eligible for the electric utility's optional rider tariffs, including Rider M and Rider T, and any future applicable riders. "The use of a non-utility power source by a Schedule SS customer to reduce its load during the Company's curtailment hours shall be deemed eligible to meet the curtailment requirements of the Company's optional rider tariffs," including Rider M.²⁶

Customers will also be eligible for other programs currently offered by the utility, and as offered from the utility

²⁵Stipulation, Exhibit A, Standby Service Tariffs, Section A, Applicability.

Section F.1 provides that Schedule SS "shall apply when a customer regularly obtains power service from a source(s) other than the Company, and obtains supplemental service from the Company when its non-utility power source(s) capability is less than its total power requirements, and/or the customer requires standby service from the Company." Stipulation, Exhibit A, Standby Service Tariffs, Section F.1. Section F.2, meanwhile, sets forth certain classes of customers that are excluded from Schedule SS, provided that "any of these customers may choose to forego this exception and elect to opt-in to Schedule SS." The classes of customers that are excluded from Schedule SS include non-utility power sources that are: (1) at least fifty percent fueled by non-fossil fuel energy, including biodiesel or biofuels, as defined in HRS § 269-91, calculated on an annual fuel energy input basis; or (2) covered under a net energy metering agreement, pursuant to the HECO Companies' Tariff Rule 18. Stipulation, Exhibit A, Standby Service Tariffs, Section F.2.

²⁶Stipulation, Exhibit A, Standby Service Tariffs, Section C, Billing Elections.

from time to time, provided that the customer meets the program's eligibility requirements.

2.

Billing Options

Customers must elect either the Regular Rate Schedule Billing Option Rates (Section D) or the Standby Rate Billing Option Rates (Section E). The applicable rates for each billing option are described in Sections D and E, respectively, of the Standby Service Tariffs. Customers may change billing options after receiving at least twelve billing months of service on the selected billing option. Both billing options shall remain in effect for at least ten years from the initial effective date of the Standby Service Tariffs.

If a customer elects to participate in an optional rider, the following applies:

1. For a customer under the Regular Rate Schedule Billing Option (Section D), "the customer's total kW and kWh requirements are subject to billing under the applicable regular rate schedule as adjusted by the optional rider."²⁷

2. For a customer under the Standby Rate Billing Option (Section E), "only the customer's Supplemental Service Demand and Supplemental Service Energy are subject to billing under the applicable regular rate schedule as adjusted by the optional rider."²⁸

²⁷Stipulation, Exhibit A, Standby Service Tariffs, Section C, Billing Options.

Regular Rate Schedule Billing Option Rates

For customers that elect the Regular Rate Schedule Billing Option (Section D), including the optional rider tariffs, such customers "shall be billed at the rates on their applicable regular rate schedule and/or the rates on their applicable optional rider tariffs, and the measured demand shall reflect the customer's combined standby service and supplemental service requirements served through the regular utility meter."²⁹ Moreover, the Determination of Demand provision of the regular rate schedule shall apply, subject to the following exceptions:

1. The determination of measured demand in a billing month shall exclude 15 minute periods where the customer's generating facility was disconnected under certain conditions described in [Section F,] Terms & Conditions #5 and #6[, of Schedule SS];
2. New customers to this rate or existing customers with new generation sources shall be permitted a commissioning period for their non-utility generation source(s) that shall not exceed four months from the date that the customer's generating facility commences production of energy in parallel to the utility system, following execution of an interconnection agreement as required under the Company's Rule No. 14H. At the end of this commissioning period, the customer's historical measured demand will be eliminated and re-set for purposes of determining billing demand. A customer may choose to have this billing demand adjustment

²⁸Stipulation, Exhibit A, Standby Service Tariffs, Section C, Billing Options.

²⁹Stipulation, Exhibit A, Standby Service Tariffs, Section C, Billing Options.

implemented before the end of the four month period. The Company will make such a billing demand adjustment only once; and

3. The determination of measured demand in a billing month shall exclude 15 minute periods where the customer is on Scheduled Maintenance.

See Stipulation, Exhibit A, Standby Service Tariffs, Section D, Regular Rate Schedule Billing Option Rates.

4.

Standby Rate Billing Option Rates

For the Standby Rate Billing Option (Section E), the rates, terms, and conditions of the applicable rate schedule shall apply, except that:

1. The billing kW under the applicable commercial rate schedule shall be adjusted as described in Schedule SS, Section E;³⁰
2. The Standby Demand Charge and Standby Energy Charge shall be added to the customer's bill; and
3. The Minimum Charge provisions of Schedule SS shall supersede the Minimum Charge provisions in the applicable commercial rate schedule.

See Stipulation, Exhibit A, Standby Service Tariffs, Section E, Standby Rate Billing Option Rates.

³⁰For purposes of calculating rate adjustments based on: (1) kWh, the standby service customer's total kWh in a billing month shall be the sum of the Standby Energy kWh and the Supplemental Service Energy kWh; and (2) total base rate charges, the Standby Demand Charge and Standby Energy Charge are considered elements of base rate charges. Stipulation, Exhibit A, Standby Service Tariffs, Section E, Standby Rate Billing Option Rates.

a.

Standby Demand Charge

The Standby Demand Charge for each month shall be the sum of the Standby Reservation Demand Charge and the Standby Daily Demand Charge. For customers served on Schedules J or P for Supplemental Service: (1) the specific Standby Reservation Demand Charge (per Contract Standby kW) is set forth in Section E.1.a, Standby Reservation Demand Charge; and (2) the specific Standby Daily Demand Charge (per Standby Billing kW per day) is set forth in Section E.1.b, Standby Energy Charge.³¹ The Supply Voltage Adjustment in the applicable regular commercial rate schedule shall also apply to the Standby Demand Charge.

b.

Standby Energy Charge

For the Standby Energy Charge, Standby Energy kWh represents "the sum of the 15 minute interval Backup Demands (including periods of Scheduled Maintenance) during the month divided by four."³² For customers served on Schedules J or P for Supplemental Service, the specific Standby Energy Charge (per Standby Energy kWh) is set forth in Section E.2.a, Standby Energy

³¹Moreover, for the Standby Daily Demand Charge: (1) the determination of Backup Demand in a billing month shall exclude fifteen minute periods where the customer's generating facility was disconnected under certain conditions as described in Section F, Terms and Conditions; and (2) the Daily Demand Charge will be waived during days of Scheduled Maintenance. Stipulation, Exhibit A, Standby Service Tariffs, Section E, Standby Rate Billing Option Rates.

³²Stipulation, Exhibit A, Standby Service Tariffs, Section E.2, Standby Energy Charge.

Charge. The Supply Voltage Adjustment in the applicable regular commercial rate schedule shall also apply to the Standby Energy Charge.

c.

Supplemental Service Demand Charge

The Billing kW for the Supplemental Service Demand Charge "shall be calculated each month as the higher of 1) the measured usage based on the meter readings of the service provided by the Company's generation equipment, less the maximum Backup Demand during the month or 2) the simple average of 1) and the highest Billing kW in the previous 11 months, less the maximum Backup Demand during the month. This Billing kW shall be the kW basis for billing the Supplemental Service Demand and Energy charges under the customer's applicable commercial rate schedule."³³

In addition, similar to the Regular Rate Schedule Billing Option (Section D):

New customers to this rate or existing customers with new generation sources shall be permitted a commissioning period for their non-utility generation source(s) that shall not exceed four months from the date that the customer's generating facility commences production of energy in parallel to the utility system, following execution of an interconnection agreement as required under the Company's Rule No. 14H. At the

³³Stipulation, Exhibit A, Section E.3, Supplemental Service Demand Charge. "The determination of Billing kW for Supplemental Service in a billing month shall exclude 15 minute periods where the customer's generating facility was disconnected under certain conditions [as] described in [Section F,] Terms and Conditions #5 and #6[.]" Id.

end of the four month period, the customer's historical measured demand will be eliminated and re-set for purposes of determining billing demand. A customer may choose to have this billing demand adjustment implemented before the end of the four month period. The Company will make such a billing demand adjustment only once.

Stipulation, Exhibit A, Section E.3, Supplemental Service Demand Charge.

d.

Supplemental Service Energy Charge

The "Supplemental Service Energy kWh shall be based on the meter readings of the service provided by the Company and shall be the total kWh provided minus the Standby Energy kWh. Supplemental Service Energy shall be billed at the rates shown on the appropriate commercial rate schedule, based on the adjusted billing kW[.]"³⁴

e.

Minimum Charge

The monthly Minimum Charge shall be the sum of the Minimum Charge under the applicable regular commercial rate schedule, plus the Standby Demand Charge. "The Minimum Charge under the applicable regular commercial rate schedule shall be based on the maximum kW provided by the Company in the current or 11 previous billing months less the Contract Standby kW."³⁵

³⁴Stipulation, Exhibit A, Section E.4, Supplemental Service Energy Charge.

³⁵Stipulation, Exhibit A, Standby Service Tariffs, Section E.6, Minimum Charge.

Terms and Conditions

In general, Section F, Terms and Conditions, includes provisions that describe: (1) the applicability and non-applicability of Schedule SS (Conditions No. 1 and No. 2); (2) the need for a standby service customer to sign a Standby Service Contract with the utility (Condition No. 4); (3) the terms and conditions for Scheduled Maintenance Service of a customer's non-utility power source during On-Peak Hours or Off-Peak Hours (Condition No. 8);³⁶ (4) the requirement that the customer's non-utility power source must be metered with a meter capable of interval metering, unless the utility deems that such metering is impractical for engineering or operating reasons (Condition No. 10); (5) the utility shall install, own, operate, and read meters on the customer's non-utility power source for billing purposes (Condition No. 11), provided that the customer, subject to certain terms and conditions, has the option of installing a customer-owned or supplied meter to measure the output of the distributed generation unit (known as a revenue meter), rather than having the utility install a utility-owned

³⁶For Scheduled Maintenance during On-Peak Hours, "[a] non-utility power source cannot be down for on-peak Scheduled Maintenance Service more than 300 hours during the calendar year." Stipulation, Exhibit A, Standby Service Tariffs, Section F.8, Terms and Conditions. For Scheduled Maintenance during Off-Peak Hours, "[t]he total off-peak Scheduled Maintenance Periods arranged under Scheduled Maintenance Service shall not be limited, provided that the Company may request the customer to forego a previously scheduled off-peak maintenance period in the event of a system emergency." Id.

meter as set forth in Condition No. 11 (Condition No. 12); and (6) the one-year minimum term of the Schedule SS Service Contract, with month-to-month renewals thereafter, and subject to termination by either party upon thirty days' prior written notice (Condition No. 13).³⁷

In addition:

1. Pursuant to Condition No. 5, the calculation of Backup Demand and Supplemental Service Billing Demand on the Standby Rate Billing Option (Section E), and the calculation of measured demand under the Regular Rate Billing Option (Section D), will exclude fifteen minute periods where the customer's generating facility was disconnected, provided that the customer's metering and metering parameters were approved by the electric utility and that the disconnection was caused by certain specified circumstances within the utility's control. In the event the customer disagrees with the utility's determination of the cause of the disconnection, Condition No. 5 includes alternative dispute resolution procedures that culminate with the filing of a written request to have the commission resolve the dispute. Concomitantly, Condition No. 5 also provides that the customer is not required to exhaust all of the specified alternative dispute resolution procedures, and instead, may pursue an informal or formal complaint with the commission.

³⁷ "Early termination by the customer shall incur a fee equal to the sum of the last six months' Reservation Demand charges, unless otherwise mutually agreed to in writing by the parties." Stipulation, Exhibit A, Standby Service Tariffs, Section F.13, Terms and Conditions.

2. Condition No. 6 sets forth the process whereby a customer "has the option, once during each calendar year, to waive the demand that the customer draws from the utility for billing purposes, provided that the demand occurs during an unscheduled outage of the customer's generator." Under this provision:

. The maximum period during which this waiver may apply is no more than the first 72 consecutive hours, even if the unscheduled outage lasts longer than 72 consecutive hours. This waiver is limited to only one billing period. This waiver will be available once during the calendar year beginning with the effective date of the customer's Schedule SS contract. Waivers cannot be carried forward to subsequent years. For billing purposes, for customers on the Regular Rate Schedule Billing Option, implementation of the waiver excludes the waived hours from the calculation of measured demand for the billing month. For billing purposes, for customers on the Standby Service - Standby Rate Billing Option - implementation of the waiver excludes the waived hours from the calculation of both the Daily Demand Charge and the Supplemental Service Demand Charge. A Schedule SS customer must exercise the waiver within 21 calendar days of the date of the bill for the billing period in which the waiver is exercised via dated written or electronic communication with the utility. Once exercised the waiver cannot be exchanged for another unscheduled outage.

Stipulation, Exhibit A, Standby Service Tariffs, Section F.6, Terms and Conditions.

6.

Schedule SS Service Contract Form

The Standby Service Tariffs include as an attachment a two-page Schedule SS Service Contract Form, which "specif[ies] the Contract Standby kW for standby service if the Standby Rate

Billing Option is elected, and the initial Scheduled Maintenance Service Periods, if any."³⁸

II.

Discussion

This Decision and Order addresses whether the Standby Service Tariffs proposed by the Parties are just and reasonable and consistent in principle with the guidelines and requirements set forth in Decision and Order No. 22248, filed in Docket No. 03-0371, as clarified by Order No. 22375, filed in the same docket.³⁹

HRS § 269-16(a) states in relevant part:

Regulation of utility rates; ratemaking procedures. (a) All rates, fares, charges, classifications, schedules, rules, and practices made, charged, or observed by any public utility or by two or more public utilities jointly shall be just and reasonable and shall be filed with the public utilities commission. . . .

HRS § 269-16(a); see also HRS §§ 269-16(b) (just and reasonable standard) and 269-16.2 (any rules, guidelines, or other standards of a public utility that interpret state laws governing non-utility generators shall be approved by the commission).

As noted by the commission in Decision and Order No. 22248:

Customer-generators may want access to utility systems for standby services and backup power. Standby services are utility services that

³⁸Stipulation, Exhibit A, Standby Service Tariffs, Section F.4, Terms and Conditions.

³⁹See Order No. 23171, at 9 (identification of preliminary issue number 1).

are available from an electric utility on an as-needed basis to replace or supplement power from the distributed generation facility. Included in the category of standby services are backup services, which supply energy or capacity during unscheduled outages of onsite generation.

All the parties in this docket agree that standby and backup charges should be cost-based. There was no agreement on what those costs are and the record on this subject was not sufficiently developed for the commission to design actual standby rates.

Accordingly, the commission requires each utility to establish, by proposed tariff for commission approval, standby rates based on unbundled costs associated with providing each service (i.e., generation, distribution, transmission and ancillary services). The unbundled rates should represent, identify, and quantify the costs of providing standby services to distributed generation customers, with the costs based on each utility's latest recorded results for the most recently completed fiscal year, or other means acceptable to the commission.

Docket No. 03-0371, Decision and Order No. 22248, at 41 - 42 (emphasis added).

With respect to the cost-based criteria, the Parties' Exhibit B provides the derivation of the standby service rates set forth in the Standby Service Tariffs. Furthermore, as explained by the Parties in footnote 4 of their Stipulation:

In order to provide certainty at this time as to the Standby SS rates that will be charged until a future rate proceeding, the Parties agree that the rates for the individual HECO Companies as set forth in Exhibit B, which are based on the stipulated interim revenue requirements in the HECO Companies' currently pending rate cases, will not be further updated to reflect the revenue requirements set forth in the final decision and orders, or other orders to be issued by the Commission in the HECO Companies' currently pending rate cases. The stipulated Standby Energy Charges reflect the fuel costs assumed in calculating the revenue requirements in the currently pending rate cases. Since the actual

energy charges include both the Standby Energy Charges and the Energy Cost Adjustment made pursuant to the Energy Cost Adjustment Clause ("ECAC"), the Parties further agree that any Standby Energy Charges applicable prior to the changes in the Energy Cost Adjustment Factors ("ECAFs") made with the final rates implemented pursuant to final decision and orders in the currently pending rate cases will have to be adjusted (i.e., reduced) to match the ECAFs in effect prior to such changes.

Stipulation, at 4 n.4 (emphasis added).⁴⁰

The Parties represent that the stipulated standby rates are based on the unbundled cost elements for generation, transmission, and distribution (see Parties' Exhibit B), as reflected in the "stipulated interim revenue requirements in the HECO Companies' currently pending rate cases[;]"⁴¹ specifically, In re Hawaiian Elec. Co., Inc., Docket No. 2006-0386, Interim Decision and Order No. 23749, filed on October 22, 2007 (HECO's 2007 calendar test year rate case); In re Hawaii Elec. Light Co., Inc., Docket No. 05-0315, Interim Decision and Order No. 23342, filed on April 4, 2007 (HELCO's 2006 calendar test year rate case); and In re Maui Elec. Co., Ltd., Docket No. 2006-0387,

⁴⁰As noted by the HECO Companies:

. . . the proposed standby rates will not be further updated to reflect revenue requirements in the final D&Os and pending rate cases except for the standby energy charges, which will be decreased. So this provides certainty to the other parties that was very important to the other parties concerned.

Transcript, at 13 (emphasis added).

⁴¹According to the HECO Companies, "[t]he costs for ancillary services are not separately identified in the utility['s] cost-of-service study, but are instead included within the generation, transmission, and distribution costs." See Docket No. 03-0371, HECO Companies' Transmittal Letter, dated August 28, 2006, at 6.

Interim Decision and Order No. 23926, filed on December 21, 2007 (MECO's 2007 calendar test year rate case).⁴²

Viewed as a whole, the commission finds that the Parties' Stipulation, which includes Schedule SS, appears reasonable and consistent with the applicable guidelines and requirements set forth in Decision and Order No. 22248, as clarified by Order No. 22375.

To a large extent, this investigative proceeding arose out of comments received from third-persons that were not parties to Docket No. 03-0371, expressing concerns over the then standby service tariffs proposed by the HECO Companies in August 2006. As a result of those concerns, the commission opened Docket No. 2006-0497, and held public hearings on the islands of Hawaii, Lanai, Maui, Molokai, and Oahu, for the purpose of providing

⁴²As subsequently clarified by the HECO Companies for the MECO standby charges:

With respect to the Commission's first question, why did we update the rates for Maui, Lanai, and Molokai, the standby charges for HECO and HELCO were based on the stipulated settlements in the 2007 test year rate case for HECO and 2006 test year rate case for HELCO.

The Maui rates that we filed on October 12th were based on the direct testimony cost of service that [was] presented in those dockets. So they were simply updated based on the same methodology agreed to in the settlement and for HECO and HELCO to reflect the stipulated settlement results in the 2007 test year rate case for Maui.

Since it's not expected that the final rates will be significantly different one way or the other in those cases, we simply stipulated to what those standby rates would be and what that methodology would be to adjust those, at least in the near term, and that's what will provide the certainty to the distributed generation producers in the state.

Transcript, at 8-9.

interested persons with the opportunity to comment on the HECO Companies' proposed standby service tariffs. Thereafter, all interested persons that timely moved to intervene or participate in Docket No. 2006-0497 as existing or potential distributed generation customers, vendors, or representatives thereof -- including HREA, the BluePoint Energy Intervenors, the Marriott Intervenors, Kahala SLC, and USCHPA -- were named as intervenors by the commission, for the purpose of providing them the opportunity to fully participate in the commission's investigation.

With the Parties' input, the HECO Companies' proposed standby service tariffs have undergone numerous discussions and revisions, culminating in the Stipulation filed with the commission in March 2008.⁴³ This approach "involve[d] the collaborative efforts of a broad cross-section of interested stakeholders. Specifically, the HECO Companies, Consumer Advocate, potential and current distributed generation customers (HHSC, Kahala SLC, the Marriott Intervenors, and Starwood Resorts), a vendor of distributed generation systems (BluePoint Energy), a national combined heat and power organization (USCHPA), and a local non-profit, renewable energy organization (HREA)."⁴⁴

Moreover, at the oral argument hearing, each of the Parties spoke in strong support of the Stipulation, asserting

⁴³See Stipulation, at 3 (the Parties held numerous technical meetings and discussions).

⁴⁴Decision and Order No. 23562, at 16-17.

that the Stipulation is reasonable, provides a high degree of certainty for distributed generation customers and its related stakeholders, and also provides customers with "options as to what rates will be applicable to their particular needs."⁴⁵ In

⁴⁵Transcript, at 8.

As noted by the Marriott Intervenor, Kahala SLC, the BluePoint Energy Intervenor, and USCHPA:

I think the essential reason that a settlement was finally achieved is that what this settlement does is provide us with a lot of options. Instead of a one-size-fits-all standby rate, we have several different options that we can take. We will take those options and use them, and we'll decide which fits us the best.

.

The additional flexibility, we think the trade-offs that were made are fair and will allow the Marriotts and other[s] who wish to investigate installing CHP equipment in the future to do so.

Transcript, at 15-16 (Marriott Intervenor and Kahala SLC) (emphasis added).

The thing that made this settlement work for us is the option language. I mean, if the option language wasn't there, we'd be probably in hearing now. But because of the option language, we're going to - in all likelihood, most if not all of our clients will probably opt out of the standby charges, and that will give us a chance to get up and running and get these things working so that everyone will soon see just what an incredible technology the CHP can be for the islands and for the environment as well.

So we're pleased with the settlement. At this point I can't imagine how we could have done much more. We urge approval of the settlement to give us the certainty we need

Transcript, at 18-19 (BluePoint Energy Intervenor) (emphasis added).

From the perspective of the USCHPA, we have a national perspective. We take a look and track what is going on in each of the states as to the pursuit of the economic combined heat and power, that which can be competitive. We found the opportunity that Hawai'i could show the other

short, the Parties urge that the commission promptly approve the Stipulation.⁴⁶

The Stipulation provides distributed generation customers with the option of electing one of two available billing options -- the Regular Rate Billing Option (Section D) or the Standby Rate Billing Option (Section E) -- with the additional opportunity of changing billing options after receiving a minimum of twelve billing months of service. Moreover, customers that opt for standby service will also be eligible to participate in the utility's load management riders (Riders M and T), and the use of the customers' non-utility power source during the utility's curtailment hours "shall be deemed eligible to meet[ing] the [utility's] curtailment requirements" as set forth in the applicable load management riders. In essence, customers have the opportunity to tailor the billing option to meet their specific needs, and can "operate their DG units for low curtailment purposes."⁴⁷

Under this scenario, customers, in theory, should only end up paying for standby or supplemental service that is needed,

states in the nation, with this proceeding and the standby model here as well as the specific terms and conditions, to show the rest of the nation that this is one way and can lead to very successful development.

So I congratulate the state of Hawai'i and what you've done in terms of the leadership. You have taken a huge step forward.

Transcript, at 20-21 (USCHPA) (emphasis added).

⁴⁶See Transcript, at 9-21.

⁴⁷Transcript, at 10.

and customers will have a strong incentive to ensuring that their on-site generators are well-maintained and in-service. Conversely, pursuant to the apportionment of costs between the utility and customer under Schedule SS, the utility appears to absorb the risk associated with the efficient operation of on-site generators by the utility's customers, i.e., with having minimal demand for its standby or supplemental service.

Furthermore: (1) under Condition No. 5 of Schedule SS, 15 minute intervals where a customer's distributed generation facility is disconnected due to specific instances caused by the utility, are excluded from the calculation of the standby charge; (2) Condition No. 6 of Schedule SS provides customers with the option of waiving the demand that the customer "draws" from the utility for billing purposes, once during a billing period for each calendar year, for the "first 72 consecutive hours[;]"⁴⁸ and (3) under Condition No. 9, "[a] non-utility power source or sources may be designated by the customer as producing power only during a limited number of hours per day."⁴⁹

⁴⁸As explained by the HECO Companies:

In term 6, there is included there a one-time-per-year waiver of measured demand for an unscheduled outage. So for example, if a customer had an unscheduled outage, without this waiver, he would normally have been subject to the daily standby energy and demand charges or, if he had chosen the regular rate schedule option, would have been subject to the ratchet. We are relieving that requirement one time per year.

Transcript, at 11.

⁴⁹As noted by the HECO Companies:

In term 9, the customer may operate its nonutility power source only during a limited number of hours per day,

Moreover, as consistently advocated by HREA in Dockets No. 03-0371 and No. 2006-0497, renewable energy producers are, in effect, exempt from Schedule SS.⁵⁰ This particular exemption, the commission finds, will further promote the use of renewable energy resources statewide.⁵¹

In conclusion, consistent with the commission's articulated policy, the commission finds that the Stipulation will actively promote the installation of cost-effective, reliable distribution generation facilities.⁵² The commission approves as reasonable the Parties' Stipulation.

and what this provision does [is], it considers nontypical operation of the customer-sided DG.

Transcript, at 12.

⁵⁰See, e.g., Docket No. 03-0371, Order No. 22375, Section II.B.2, Applicability of Standby Rates to Renewable Distribution Generation, at 27-30 (HREA's position that if the goal is to encourage the installation of renewable energy systems, then the standby charge should be waived for all renewable energy systems); see also Transcript, at 19 ("All along, our main issue was no standby charge on renewables, and that's what we have here.").

⁵¹See HRS § 269-6(b) ("The public utilities commission may consider the need for increased renewable energy use in exercising its authority and duties under this chapter.").

⁵²In Docket No. 03-0371, the commission set the following policy governing distributed generation:

The policy of the commission is to promote the development of a market structure that assures: (a) distributed generation is available at the lowest feasible cost; (b) distributed generation that it economical and reliable has an opportunity to come to fruition; and (c) distributed generation that is not cost-effective does not enter the system.

The commission will take those actions that are necessary to promote the installation of distributed generation that is economically efficient and reliable

III.

Orders

THE COMMISSION ORDERS:

1. The Parties' Stipulation, filed on March 7, 2008, which addresses and resolves the standby service issue in this proceeding, is approved, effective from the date of this Decision and Order. Accordingly, the "initial effective date of the Schedule SS Standby Service tariffs," as that phrase is used at pages 5-6, Paragraph No. 4, of the Parties' Stipulation, is the date of this Decision and Order.

2. By June 10, 2008, HECO, HELCO, and MECO shall file their Schedule SS tariff sheets, with the applicable issued and effective dates.

3. Within thirty days from the date of this Decision and Order, HECO, HELCO, and MECO shall file their revisions to the optional rider tariffs (non-docketed filings), with the applicable issued and effective dates, consistent with page 5, Paragraph No. 3 of the Parties' Stipulation.

4. Within fourteen days from the date of this Decision and Order, HELCO shall file a withdrawal of its tariff Rule 4 (non-docketed filing), with the applicable issued and effective dates and the notation that the two customer retention contracts that are currently in effect will remain in effect until the end of their respective contract terms (i.e., are

Docket No. 03-0371, Decision and Order No. 22248, at 12; see also id., Ordering Paragraph No. 1, at 45; and Transcript, at 7-8 (HECO Companies' position is that the Stipulation "will help to support cost-effective energy-efficient reliable distributed generation while avoiding any undue burden on other customers.").

"grandfathered"), unless otherwise terminated in accordance with the terms and conditions of such contracts, consistent with pages 6-7, Paragraph No. 5, of the Parties' Stipulation.

5. The failure to comply with the applicable Ordering Paragraphs, above, may constitute cause to void this Decision and Order, and may result in further regulatory action as authorized by State of Hawaii law.

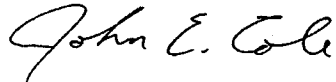
6. The commission reserves the right to review anew the HECO Companies' Standby Service Tariffs at any time, consistent with the public interest.


DONE at Honolulu, Hawaii

MAY 15 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:


Michael Azama
Commission Counsel

2006-0497.cp

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 24229 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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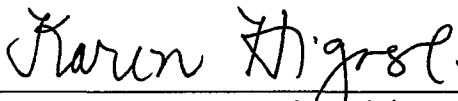
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DATED: MAY 15 2008