

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 NO. 24232

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

Karen Higrot.  
Chief Clerk of the Commission

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

2008 MAY 19 A 8:37

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Docket No. 2007-0341

Order No. 24232

ORDER

By this Order, the commission reduces HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO")<sup>1</sup> 2008 demand-side management ("DSM") program budgets, as set forth in its Annual Program Accomplishments and Surcharge Report ("A&S Report"), filed on March 31, 2008, to the actual amounts HECO expended in 2007 for those programs; and sets HECO's 2008 DSM program goals at the same level of demand reduction in megawatts ("MW") and energy savings in megawatt hours ("MWh") achieved by HECO in 2007. Within thirty (30) days of the filing of this Order, HECO may file supplemental information with the commission to support an increase in the 2008 program budgets and an adjustment to the 2008 goals.

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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.

I.

Background

In Docket No. 05-0069, (the "Energy Efficiency Docket"), the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate") proposed that "the [c]ommission establish dockets to consider program evaluations and ensure regulatory oversight over [E]nergy [E]fficiency and [DSM] efforts."<sup>2</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, Inc.'s (collectively, "HECO Companies") DSM reports, including the HECO Companies' A&S Reports.

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 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>3</sup>

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<sup>2</sup>Consumer Advocate's Opening Brief, filed on October 25, 2006, in Docket No. 05-0069, at 70.

<sup>3</sup>Order No. 23717, filed on October 12, 2007, in this docket, at n 9.

HECO's A&S Report notes:

<b>Program</b>	<b>2007 Program Costs</b>
Commercial and Industrial Energy Efficiency Program ("CIEE")	\$2,152,575
Commercial and Industrial New Construction Program ("CINC")	\$1,473,299
Commercial and Industrial Customized Rebate Program ("CICR")	\$1,517,017
Residential Existing Water Heating Program ("REWH")	\$3,008,626
Residential New Construction Program ("RNC")	\$1,672,613
Energy Solutions for the Home Program ("ESH")	\$1,448,059
Residential Low Income Program ("RLI")	\$36,269
Residential Customer Energy Awareness Program ("RCEA")	\$1,719,857
Residential Direct Load Control Program ("RDLC")	\$4,394,670
Commercial and Industrial Direct Load Control Program ("CIDLC")	\$889,565
SolarSaver Pilot Program ("SSP")	\$64,008
<b>Total</b>	<b>\$18,376,558</b>

A&S Report, at 5; Table 2. With regard to energy conserved, HECO recorded:

<b>Program</b>	<b>2007 Gross MW</b>	<b>2007 Gross MWh</b>
CIEE	3.232	22,511
CINC	2.657	16,110
CICR	2.600	19,274
REWH	1.343	5,923
RNC	0.790	2,369
ESH	10.243	54,641
RLI	-	-
RCEA	-	-
RDLC	7.159	-
CIDLC	11.737	-
SSP	0.006	28
<b>Total</b>	<b>39.767</b>	<b>120,858</b>

A&S Report, at 4; Table 1. Based on the above, HECO states that it is eligible to receive the maximum utility incentive of four million dollars (\$4,000,000).<sup>4</sup>

HECO's projected 2008 forecasts include the following:

<b>Program</b>	<b>2008 Program Costs</b>
CIEE	\$3,436,922
CINC	\$1,683,575
CICR	\$1,764,289
EWI	\$3,369,176
RNC	\$2,384,225
ESH	\$3,035,068
RLI	\$953,196
RCEA	\$1,804,510
RDLC	\$4,029,700
CIDLC	\$4,102,739
SSP	\$545,500
<b>Total</b>	<b>\$27,108,900</b>

A&S Report, at 21; Table 10.

<b>Program</b>	<b>Estimated 2008 Gross MW</b>	<b>Estimated 2008 Gross MWh</b>
CIEE	3.440	23,379
CINC	1.432	9,770
CICR	1.649	12,626
REWH	1.196	5,201
RNC	1.118	3,695
ESH	8.863	42,598
RLI	.591	2,633
RCEA	-	-
RDLC	4.708	-
CIDLC	8.331	-
SSP	.058	250
<b>Total</b>	<b>31.386</b>	<b>100,152</b>

A&S Report, at 20; Table 9.

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<sup>4</sup>A&S Report, at 15; Table 7. As the 2007 budget and goals for the ESH program have not yet been resolved by the commission, the issue of whether HECO is entitled to the maximum utility incentive has not been determined.

## II.

### Discussion

HECO seeks approval of substantial increases in its DSM programs' 2008 budgets when compared with the 2007 actual amounts expended. When a comparison of the 2007 program costs is compared with the estimated 2008 program costs, the results are:

<b>Program</b>	<b>2007 Program Costs</b>	<b>Estimated 2008 Program Costs</b>	<b>Difference</b>	<b>%</b>
CIEE	\$2,152,575	\$3,436,922	\$1,284,347	59.67%
CINC	\$1,473,299	\$1,683,575	\$210,276	14.27%
CICR	\$1,517,017	\$1,764,289	\$247,272	16.30%
REWH	\$3,008,626	\$3,369,176	\$360,550	11.98%
RNC	\$1,672,613	\$2,384,225	\$711,612	42.54%
ESH	\$1,448,059	\$3,035,068	\$1,587,009	109.60%
RLI	\$36,269	\$953,196	\$916,927	2,528.13%
RCEA	\$1,719,857	\$1,804,510	\$84,653	4.92%
RDLC	\$4,394,670	\$4,029,700	(\$364,970)	-8.30%
CIDLC	\$889,565	\$4,102,739	\$3,213,174	361.21%
SSP	\$64,008	\$545,500	\$481,492	752.24%
<b>Total</b>	<b>\$18,376,558</b>	<b>\$27,108,900</b>	<b>\$8,732,342</b>	<b>47.52%</b>

Based on the above, HECO proposes to increase each DSM program's budget in 2008, with the exception of the RDLC program. Significantly, the CIEE program budget will be increased by \$1,284,347, which constitutes a 59.67% increase over 2007 program costs. The ESH 2008 program budget would increase by \$1,587,009 over 2007 figures, constituting a 109.60% increase. The RLI program budget would increase by \$916,927; 2,528.13% over 2007 amounts. CIDLC's proposed program budget increase of \$3,213,174 constitutes a 361.21% increase. The estimated SSP program budget for 2008 is increased by \$481,492; a 752.24% over 2007 actual program costs. The total 2008 budget increase is \$8,732,342; or 47.52% over 2007 figures.

While HECO proposes to increase the 2008 forecasted budgets, it also estimates a reduction in the energy reduction for a majority of the programs.

<b>Program</b>	<b>2007 Gross MW</b>	<b>Estimated 2008 Gross MW</b>	<b>Difference</b>	<b>%</b>
CIEE	3.232	3.440	0.208	6.44%
CINC	2.657	1.432	(1.225)	(46.10%)
CICR	2.600	1.649	(0.951)	(36.58%)
REWH	1.343	1.196	(0.147)	(10.95%)
RNC	.790	1.118	0.3280	41.52%
ESH	10.243	8.863	(1.380)	(13.47%)
RLI	-	.591	0.591	-
RCEA	-	-	-	-
RDLC	7.159	4.708	(2.451)	(34.24%)
CIDLC	11.737	8.331	(3.406)	(29.02%)
SSP	.006	.058	0.052	866.67%
<b>Total</b>	<b>39.767</b>	<b>31.386</b>	<b>(8.381)</b>	<b>(21.08)%</b>

<b>Program</b>	<b>2007 Gross MWh</b>	<b>Estimated 2008 Gross MWh</b>	<b>Difference</b>	<b>%</b>
CIEE	22,511	23,379	868	3.86%
CINC	16,110	9,770	(6,340)	(39.35%)
CICR	19,274	12,626	(6,648)	(34.49%)
REWH	5,923	5,201	(722)	(12.19%)
RNC	2,369	3,695	1,326	55.97%
ESH	54,641	42,598	(12,044)	(22.04%)
RLI	-	2,633	2,633	-
RCEA	-	-	-	-
RDLC	-	-	-	-
CIDLC	-	-	-	-
SSP	28	250	222	792.86%
<b>Total</b>	<b>120,858</b>	<b>100,152</b>	<b>(20,705)</b>	<b>(17.13)%</b>

In summary, HECO estimates that total demand reduction in 2008 will be 8.381 MW, or 21.08% less of a reduction than in 2007. Moreover, HECO estimates 2008 gross energy savings to be 20,705 MWh, or 17.13% less of a reduction than in 2007.

As submitted, the A&S Report forecasts in 2008 that HECO will expend \$8,732,342 more than in 2007, which amounts to 47.52% increase over 2007 actual program costs. Moreover, the

estimated 2008 figures would achieve a demand reduction of 8.381 gross MW and 20,705 MWh less energy savings, as compared to 2007 actual amounts.

Based on the foregoing, the commission reduces HECO's 2008 DSM program budgets such that its 2008 budgets are set at the actual amounts expended by HECO in 2007 for those programs. The commission also sets HECO's 2008 DSM program goals to reflect the same amount of demand reduction in MW and energy savings in MWh achieved by HECO in 2007. HECO, however, shall have the opportunity to file supplemental information within thirty days of the filing of this Order to support an increase in its 2008 DSM program budgets and an adjustment to the 2008 goals.

### III.

#### Orders

##### THE COMMISSION ORDERS:

1. HECO's 2008 DSM program budgets, as set forth in its A&S Report, are reduced to the actual amounts expended by HECO in 2007 for those programs, 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
RDLG	\$4,394,670
CIDLC	\$889,565
SSP	\$64,008
<b>Total</b>	<b>\$18,376,558</b>



2. HECO's 2008 DSM program goals are set at the same amount of demand reduction in MWhs and energy savings in MWhs as was achieved in 2007 for those programs.


3. Within thirty (30) days of the filing of this Order, HECO may file supplemental information with the commission to support an increase in its 2008 program budgets and an adjustment to the 2008 goals.

DONE at Honolulu, Hawaii MAY 15 2008.

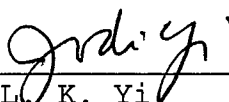
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By:   
Carlito P. Caliboso, Chairman

By:   
John E. Cole, Commissioner

By:   
Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:

  
Jodi L. K. Yi  
Commission Counsel

2007-0341.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 24232 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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DATED: MAY 15 2008