

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Investigation of )  
 )  
HAWAIIAN ELECTRIC COMPANY, INC. )  
 )  
Related to Island-wide Outage of )  
December 26, 2008. )  
\_\_\_\_\_ )

DOCKET NO. 2009-0005

ORDER INITIATING INVESTIGATION  
OF THE 2008 OAHU ISLAND-WIDE OUTAGE

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DEPT. OF COMMERCE AND  
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STATE OF HAWAII

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ORDER INITIATING INVESTIGATION  
OF THE 2008 OAHU ISLAND-WIDE OUTAGE

By this Order, the commission initiates an investigation to examine HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO") island-wide power outage on the island of Oahu beginning on December 26, 2008 ("Power Outage"). This investigation is initiated pursuant to Hawaii Revised Statutes ("HRS") §§ 269-7, and 269-15; and Hawaii Administrative Rules ("HAR") § 6-61-71.

I.

Background

HECO is Hawaii corporation and public utility as defined by HRS § 269-1 and, thus, is subject to commission jurisdiction under Chapter 269, HRS. HECO, a wholly-owned subsidiary of Hawaiian Electric Industries, Inc., is engaged in the production, purchase, transmission, distribution, and sale of

electricity on the island of Oahu in the State of Hawaii ("State").<sup>1</sup>

On Friday, December 26, 2008, at about 6:35 p.m. large portions of the island of Oahu experienced power losses and on or about 8:30 p.m. an island-wide power outage occurred on Oahu.

On Friday, January 9, 2009, HECO briefed the commission and the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate")<sup>2</sup> on its initial assessment of the Power Outage ("Commission Briefing"). At the briefing, HECO provided a preliminary description of the Power Outage and its restoration process.

According to HECO, its first generating units tripped off line at or about 6:38 p.m. on Friday, December 26, 2008, and its last unit, Kahe 4, tripped due to instability of the system, at or about 8:30 p.m. on the same night. HECO stated that restoration of HECO's system was begun prior to the loss of its last unit; that all circuits were restored by 3:00 p.m. on Saturday, December 27, 2008; and that pocket outages were addressed by the following morning.

HECO informed the commission that the Power Outage was likely the result of a severe and unusual lightning storm that created instability in its system. According to HECO, its

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<sup>1</sup>HECO was initially organized under the laws of the Kingdom of Hawaii on or about October 13, 1891.

<sup>2</sup>The Consumer Advocate is statutorily mandated to represent, protect, and advance the interests of all consumers of utility service and is an ex officio party to all proceedings before the commission. See HRS § 269-51 and HAR § 6-61-62.

138 kilowatt transmission system may have experienced five direct strikes resulting in faults on its lines. These occurrences may have created instability between system generation and load, causing its generating units to trip off line in a manner that HECO was not able to recover from.

Also, during the briefing, HECO represented that it would engage experts to assist in an investigation of the Power Outage and that it would report its findings to the commission upon completion of its investigation.

## II.

### Discussion

#### A.

#### Investigative Authority

HRS § 269-7 states, in relevant part:

- (a) The public utilities commission and each commissioner shall have the power to examine the condition of each public utility, the manner in which it is operated with reference to the safety or accommodation of the public, the safety, working hours, and wages of its employees, the fares and rates charged by it, the value of its physical property, the issuance by it of stocks and bonds, and the disposition of the proceeds thereof, the amount and disposition of its income, and all its financial transactions, its business relations with other persons, companies, or corporations, its compliance with all applicable state and federal laws and with the provisions of its franchise, charter, and articles of association, if any, its classifications, rules, regulations, practices, and service,

and all matters of every nature affecting the relations and transactions between it and the public or persons or corporations .

- . . . . .
- (c) Any investigation may be made by the commission on its own motion, and shall be made when requested by the public utility to be investigated, or by any person upon a sworn written complaint to the commission, setting forth any prima facie cause of complaint. A majority of the commission shall constitute a quorum.

HRS § 269-7(a) and (c) (emphasis added). Similarly, in HRS § 269-6, the commission is vested with "general supervision . . . over all public utilities."<sup>3</sup>

While the commission appreciates and acknowledges HECO's efforts to provide the commission and the Consumer Advocate with information regarding the Power Outage, there appears to be many questions and concerns that need to be addressed; such as pinpointing the underlying cause or causes of the island-wide outage, the integrity and reliability of the HECO system in general, and the reasonableness of HECO's actions prior to and during the Power Outage. Moreover, the commission is concerned about the reliability and integrity of HECO's system since this outage occurred just two years after

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<sup>3</sup>Commission investigatory authority is also set forth in HRS § 269-15 and HAR § 6-61-71.

the last island-wide outage in October 2006 (i.e., the "2006 Outage").

Thus, the commission finds, at this time, that a complete and independent review of the Power Outage can only be accomplished in an orderly and timely manner if HECO's investigative report (or reports) is filed in a proceeding fashioned for such a review. As stated in connection with the 2006 Outage, a complete and independent investigation of the Power Outage "can only be done effectively in a formalized process, since a regulatory schedule can be established, discovery can be conducted, and witness testimonies can be taken under oath."<sup>4</sup>

B.

Named Parties

Given the nature of this investigation, the commission, sua sponte, names as parties to this proceeding: HECO and the Consumer Advocate (collectively, the "Parties"). Their involvement and participation in this proceeding will assist the commission in developing a sound record for its investigation into the Power Outage.

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<sup>4</sup>See In re Hawaiian Electric Company, Inc.; Hawaii Electric Light Company, Inc., and Maui Electric Company, Limited, Docket No. 2006-0431, Order No. 22986, filed on October 27, 2006, at 7 (reference omitted).

C.

Preliminary Issues

The commission sets forth the following preliminary issues to be addressed in this proceeding:

1. What caused the Power Outage?
2. If lightning strikes during the lightning storm initially caused the power outage, could HECO have reasonably prevented damaging effects of lightning strikes to prevent the power outage from initially occurring?
3. Through reasonable measures could HECO have prevented the Power Outage or prevented it from becoming island-wide?
4. Could HECO have reasonably shortened the duration of the power outage and restored power more quickly to customers?
5. What are the necessary steps to prevent similar power outages in the future, to minimize the scope and duration of similar power outages, and also to improve HECO's response to such power outages in the future?

6. What penalties, if any, should be imposed on HECO?

These are preliminary issues for consideration. During the development of the prehearing (or procedural) order for this proceeding, the Parties (and intervenors and participants, if any) shall have the opportunity to restructure these preliminary issues, stipulate to eliminate them, or recommend other issues for resolution in this proceeding for the commission's review and consideration.

D.

Procedural Matters

A motion to intervene or participate without intervention in this docket must comply with the commission's rules set forth in HAR Chapter 6-61, Subchapter 4.

Within fifteen days of the date of this Order, HECO shall file all documents provided at the Commission Briefing, and any subsequent related briefing(s)<sup>5</sup> (e.g., copies of power-point slides) in compliance with the filing requirements of HAR Chapter 6-61. If necessary, portions of such documents

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<sup>5</sup>The Senate Committee on Energy and Environment and the Senate Committee on Commerce and Consumer Protection have scheduled a joint Legislative Information Briefing for Wednesday, January 14, 2009, at 2:00 p.m.



can be filed after the issuance of a commission-approved protective order in this docket.<sup>6</sup>

The commission instructs the Parties (and intervenors and participants, if any) to file a stipulated prehearing (or procedural) order for the commission's review and approval within thirty days of the commission's order addressing intervention or participation without intervention; or if no such motions are filed, within fifteen days of the deadline for intervention. If the Parties (and intervenors and participants, if any) are unable to stipulate, each of them shall file proposed orders for the commission's review and consideration within the appropriate deadline.

Upon completion of its investigation, HECO shall file its report (or reports) regarding the Power Outage in accordance with all applicable filing requirements of HAR Chapter 6-61.

The commission expects all Parties (and intervenors and participants, if any) to this proceeding to participate fully in the development of the necessary procedures and issues for the orderly conduct of this investigatory proceeding, consistent with all applicable State laws and commission rules and regulations. Moreover, if necessary or appropriate, the Parties to this proceeding will be expected to actively participate in an evidentiary hearing or other procedures authorized by State law.

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<sup>6</sup>If the Parties determine that a protective order in this proceeding is necessary, they should submit a stipulated protective order for the commission's review and approval.

III.

Orders

THE COMMISSION ORDERS:

1. An investigative proceeding is initiated to examine the Power Outage that began on December 26, 2008.

2. The commission, sua sponte, designates HECO and the Consumer Advocate as parties to this investigative docket.

3. A motion to intervene or participate without intervention must be filed not later than twenty days from the date of this Order, pursuant to HAR § 6-61-57(3)(B). Motions to intervene or participate without intervention must comply with all applicable rules of HAR Chapter 6-61, Rules of Practice and Procedure Before the Public Utilities Commission.

4. The Parties (and intervenors and participants, if any) shall file a stipulated prehearing (or procedural) order for the commission's review and approval within thirty days of the commission's order addressing intervention or participation without intervention; or if no such motions are filed, within fifteen days of the deadline for intervention. If the Parties (and intervenors and participants, if any) are unable to stipulate, each of them shall file proposed orders for the commission's review and consideration within the appropriate deadline.

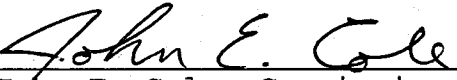
5. Within fifteen days of the date of this Order, HECO shall file all documents provided at the Commission Briefing, and any subsequent related briefing(s) (e.g., copies of power-point slides), in compliance with the filing requirements of HAR Chapter 6-61. If necessary, portions of such documents can be filed after the issuance of a commission-approved protective order in this docket.

6. Upon completion of its investigation, HECO shall file its report (or reports) regarding the Power Outage in accordance with all applicable filing requirements of HAR Chapter 6-61.


DONE at Honolulu, Hawaii JAN 12 2009.


PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By   
Carlito P. Caliboso, Chairman

By:   
John E. Cole, Commissioner

APPROVED AS TO FORM:

By:   
Leslie H. Kondo, Commissioner

  
Ji Sook Kim  
Commission Counsel

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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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