

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
HAWAIIAN ELECTRIC COMPANY, INC.)
HAWAII ELECTRIC LIGHT COMPANY, INC.)
MAUI ELECTRIC COMPANY, LIMITED)
For Approval of the Advanced)
Metering Infrastructure (AMI))
Project and Request to Commit)
Capital Funds, to Defer and Amortize)
Software Development Costs, to Begin)
Installation of Meters and Implement)
Time-of-Use Rates, for Approval)
of Accounting and Ratemaking)
Treatment, and Other Matters.)

DOCKET NO. 2008-0303

ORDER GRANTING INTERVENTION

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DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
STATE OF HAWAII

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COMMISSION

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FILED

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Docket No. 2008-0303

ORDER GRANTING INTERVENTION

By this Order, the commission grants intervenor status to: 1) Life of the Land; 2) Hawaii Renewable Energy Alliance; and 3) Hawaii Solar Energy Association (collectively, "Intervenors").

I.

Background

By their application filed on December 1, 2008,¹ HAWAIIAN ELECTRIC COMPANY, INC. ("HECO"), HAWAII ELECTRIC LIGHT COMPANY, INC. ("HELCO"), and MAUI ELECTRIC COMPANY, LIMITED ("MECO")² request commission approval of the following:

¹Application, Exhibits 1-28; Verification and Certificate of Service ("Application").

²HECO, HELCO and MECO are collectively referred to as the "HECO Companies."

- (1) to commit capital funds in excess of \$2,500,000 (estimated at \$41,229,000 for HECO, \$10,606,000 for MECO, and \$13,190,000 for HELCO) for the Advanced Metering Infrastructure ("AMI") project as discussed in Section X;
- (2) to defer certain computer software development costs (i.e., the "Stage 2" or "Application Development" costs, including the costs of designing, acquiring, installing and testing the computer software) for the Meter Data Management System ("MDMS") and accrue an allowance for funds used during construction ("AFUDC") during the deferral period (total deferred costs are estimated at \$9,134,000 for HECO, \$2,021,000 for MECO, and \$2,385,000 for HELCO) described in Sections X and XI;
- (3) to amortize the MDMS deferred costs (including AFUDC) over a 12-year period (or such other amortization period as the Commission finds to be reasonable), and to include the unamortized deferred costs (including AFUDC) in rate base, as is further explained in Sections X and XI;
- (4) of cost recovery for ratemaking purposes of the remaining book value of its existing meters (that will be replaced with advanced meters) in the following manner for each of the Companies (discussed in Section XI):
 - (a) HECO - beginning with the receipt of the Commission's Decision and Order on a straight-line basis over a period of three years for HECO,
 - (b) MECO - beginning with the receipt of the Commission's Decision and Order on a straight-line basis and ending when MECO's meter installation begins, and
 - (c) HELCO - beginning with the receipt of the Commission's Decision and Order on a straight-line basis and ending when HELCO's meter installation begins;
- (5) of cost recovery for ratemaking purposes of the capital costs associated with the purchase and installation of the new AMI meters over a seven-year period on a straight-line basis (discussed in Section XI);

- (6) for immediate approval to begin installing, on a first-come, first-served basis, advanced meters for all customers that request them and to implement time-of-use ("TOU") rates on an interim basis for customers requesting the installation of advanced meters as discussed in Sections II and XII;
- (7) for expedited approval of proposed Schedule TOU-R (Residential Time-of-Use) rates for HECO, HELCO, and MECO (all three divisions) and proposed Schedule TOU-G (Small Commercial Time-of-Use Service), Schedule TOU-J (Commercial Time-of-Use Service) and Schedule TOU-P (Large Power Time-of-Use Service) rates for HELCO and MECO (all three divisions) (described in Section XII);
- (8) to recover all of the Companies' incremental cost associated with the AMI Project through the Renewable Energy Infrastructure Program ("REIP") surcharge ("REIP Surcharge") that is pending approval in Docket No. 2007-0416 or an AMI surcharge ("AMI Surcharge") mechanism approved by the Commission in this proceeding (discussed in Section XI);
- (9) for approval of the Advanced Metering Infrastructure Equipment and Services Agreement ("Sensus Agreement") between the Hawaiian Electric Company, Inc. and Sensus Metering Systems, Inc. ("Sensus") including its terms and conditions and a finding that the arrangement is prudent and in the public interest, and a determination that the Companies may include all costs, fees and related taxes to be paid by the Companies pursuant to the Agreement in its revenue requirements for ratemaking purposes and for the purposes of determining the reasonableness of the Companies' rates (described in Exhibit 1 and discussed in Section VII); and
- (10) for recovery of lease expenses (based on lease payments over the term of the agreement) for the Sensus-owned, two-way radio frequency network infrastructure ("AMI Network") (the AMI Network is described in Section VII and the lease expenses are discussed in Section XI).

Application, at 1-4.

Subsequent to the opening of this docket, the following motions to intervene were filed: 1) Life of the Land's Motion to Intervene, filed on January 20, 2009; 2) Motion to Intervene of Hawaii Renewable Energy Alliance, filed on January 30, 2009; and 3) Motion for Intervention of Hawaii Solar Energy Association, filed on February 3, 2009 (collectively, "Intervention Motions").³

On January 27, 2009 and February 6 and 12, 2009, the HECO Companies filed separate memoranda in opposition to the Intervention Motions.

II.

Discussion

A.

Intervention

HAR § 6-61-55 sets forth the requirements for intervention in commission proceedings. It states, in relevant part:

- (a) A person may make an application to intervene and become a party by filing a timely written motion in accordance with sections 6-61-15 to 6-61-24, section 6-61-41, and section 6-61-57, stating the facts and reasons for the proposed intervention and the position and interest of the applicant.

³On January 14, 2009, the commission sua sponte extended the deadline to file a motion to intervene or participate. The deadline to file a motion to intervene or participate without intervention was twenty days from the date of the order, i.e., February 3, 2009. All of the Intervention Motions were timely filed.

(b) The motion shall make reference to:

- (1) The nature of the applicant's statutory or other right to participate in the hearing;
- (2) The nature and extent of the applicant's property, financial, and other interest in the pending matter;
- (3) The effect of the pending order as to the applicant's interest;
- (4) The other means available whereby the applicant's interest may be protected;
- (5) The extent to which the applicant's interest will not be represented by existing parties;
- (6) The extent to which the applicant's participation can assist in the development of a sound record;
- (7) The extent to which the applicant's participation will broaden the issues or delay the proceeding;
- (8) The extent to which the applicant's interest in the proceeding differs from that of the general public; and
- (9) Whether the applicant's position is in support of or in opposition to the relief sought.

HAR § 6-61-55(a) and (b).

HAR § 6-61-55(d) further states that "[i]ntervention shall not be granted except on allegations which are reasonably pertinent to and do not unreasonably broaden the issues already presented." In addition, the Hawaii Supreme Court has stated the general rule on intervention as follows: "Intervention as a party in a proceeding before the [commission] is not a matter of right

but is a matter resting within the sound discretion of the commission." In re Application of Hawaiian Elec. Co., Inc., 56 Haw. 260, 262, 535 P.2d 1102, 1104 (1975).

Here, the commission finds that Intervenorors have interests that are reasonably pertinent to the issues presented and that their participation can assist in the development of a sound record. Nonetheless, Intervenorors are cautioned that their participation as Intervenorors in this docket will be limited to the issues raised in this docket. The commission will preclude any effort by Intervenorors to unreasonably broaden the issues, or unduly delay the proceeding, and will reconsider an Intervenor's participation in this docket if, at any time, during the course of this proceeding, the commission determines that an Intervenor is unreasonably broadening the pertinent issues raised in this docket or is unduly delaying the proceeding. In addition, given that the commission has granted intervention status to Intervenorors, the commission expects that all Intervenorors will fully participate in the docket, and will comply with the commission's rules and orders.⁴ As noted above, failure to do so may constitute cause for the commission to reconsider its decision to grant intervention status.

⁴The commission is cognizant of the concerns raised by the HECO Companies in their opposition memoranda and reiterates that failure to comply with commission rules may constitute cause to reconsider intervention status in this docket. See, e.g., Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Limited's Memorandum in Opposition to Life of the Land's Motion to Intervene filed on January 27, 2008, at 1 n.2.

B.

Stipulated Procedural Order

Given the commission's decision herein, the Parties⁵ shall file a stipulated procedural order setting forth the issues, procedures, and schedule to govern this proceeding by February 25, 2008.⁶ If the Parties are unable to stipulate, each party shall file a proposed order for the commission's review and consideration within the same deadline.

III.

Orders

THE COMMISSION ORDERS:

1. The Intervention Motions filed by Intervenors are granted.

2. By February 25, 2008, the Parties shall file a stipulated procedural order setting forth the issues, procedures, and schedule to govern this proceeding. If the Parties are unable to stipulate, each of them shall file a proposed order for the commission's review and consideration within the same deadline.

⁵The HECO Companies, Consumer Advocate and Intervenors are collectively referred to as the "Parties."

⁶Section 2.3.g.2 of General Order No. 7, as modified, requires commission action on the HECO Companies' request to commit funds for the AMI Project within ninety days of the filing of the Application.

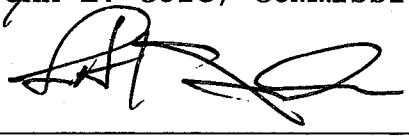
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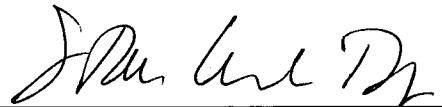
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
John E. Cole, Commissioner

By 
Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:


Stacey Kawasaki Djou
Commission Counsel

2008-0303.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:

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