# BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF HAWAII

In the Matter of the Application of )

HAWAIIAN ELECTRIC COMPANY, INC. )

For Approval of Recovery of Big Wind Implementation Studies Costs )

Through the Renewable Energy )

Infrastructure Program Surcharge. )

DOCKET NO. 2009-0162

### DECISION AND ORDER

FILED

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PUBLIC UTILITIES

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In the Matter of the Application of)
HAWAIIAN ELECTRIC COMPANY, INC.

Docket No. 2009-0162

For Approval of Recovery of Big Wind Implementation Studies Costs Through the Renewable Energy Infrastructure Program Surcharge.

#### DECISION AND ORDER

By this Decision and Order, the commission approves HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO") application filed on July 17, 2009, as recommended by the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate") in its Statement of Position, filed on November 13, 2009 ("SOP"). Specifically, for the reasons stated in the SOP, the commission will allow HECO to defer costs for the Big Wind Implementation Studies for later review for prudence and reasonableness. The commission, however, will not authorize a specific amount of costs to be recovered from ratepayers until a detailed review is conducted at a later date on the actual

¹In its application, HECO requested approval to defer the costs of outside services that are expected to be incurred from January 1, 2009 through 2010 in connection with various studies examining: (1) the integration and transmission of wind generated energy potential located on Molokai and Lanai (the "Big Wind Projects") to HECO's power grid on Oahu, and (2) potential routes and permitting requirements for the Oahu transmission lines and facilities necessary to interconnect the undersea cables that would deliver power from the Big Wind Projects to Oahu (collectively, "Big Wind Implementation Studies" or "Studies").

incurred costs. As such, the commission will also refrain from making any decision as to the specific recovery mechanism or the terms of any recovery mechanism (e.g., amortization period or carrying treatment).

The Consumer Advocate recommends that HECO be required "to aggressively administer and manage the studies to mitigate the costs and likely impact on HECO's customers and [] document and provide that documentation when seeking recovery of the incurred costs from ratepayers." The commission agrees with the Consumer Advocate that prudence review would encompass the issue of whether HECO "aggressively administer[ed] and manage[d]" costs and documentation would be required by HECO to satisfy its burden of proof.

In addition to the reasons stated in the SOP, the commission notes that it is concerned that the Studies were undertaken without prior commission review (contrary to the for Renewable mechanism proposed by HECO the Energy Infrastructure Surcharge (Docket No. 2007-0416)). In its subsequent prudence review, HECO should provide the commission with comparable evaluation of other options to that which it conducts for Big Wind, be it through the Studies or other means. Such alternatives could include residential PV, large-scale PV, biomass, biofuel and concentrated solar options. Alternatives could also include renewable energy project proposals that HECO rejected in the past two years due to completion dates and transmission concerns. In addition, as part of any prudence

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review, the commission expects that the Studies would enable the commission to answer the following questions: 1) What is the total cost of Big Wind (including the costs of the undersea cable, Oahu transmission and distribution upgrades, purchased power, and changes in the generation fleet to support Big Wind);

2) Are there viable alternatives to Big Wind for meeting the State's Renewable Portfolio Standards, HRS § 269-92; and 3) What are the costs of all alternatives to Big Wind (including any projects that arose through competitive bidding, grandfathered projects, recently declined PPA requests, concentrated solar, distributed solar PV, large-scale solar PV, biofuel and biomass projects).

DONE at Honolulu, Hawaii \_\_\_\_\_ DEC 1 1 2009 \_\_\_\_.

PUBLIC UTILITIES COMMISSION OF THE STATE OF HAWAII

Carlito P. Caliboso, Chairman

APPROVED AS TO FORM:

Stacey Kawasaki Djou Commission Counsel

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John E. Cole, Commissioner

By\_\_\_\_\_\_ Leslie H. Kondo, Commissioner

### 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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