BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of

HAWAIIAN ELECTRIC COMPANY, INC. DOCKET NO. 2009-0346

For Approval of a Second Amendment
to Low Sulfur Fuel Oil Supply Contract
between Hawaiian Electric Company, Inc.
and Chevron Products Company and to
include the Second Amendment to Low
Sulfur Fuel Oil Supply Contract Costs
in Hawaiian Electric’s Energy Cost
Adjustment Clause.

ORDER DIRECTING THE PARTIES TO FILE A PROCEDURAL ORDER
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By this Order, the commission instructs HAWAIIAN ELECTRIC COMPANY, INC. ( "HECO") and the DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF CONSUMER ADVOCACY ( "Consumer Advocate") (collectively, "Parties") to submit a stipulated procedural order for the commission's review and approval, as set forth in this Order.¹

I.

Background

On December 8, 2009, HECO filed an application for approval of a Second Amendment to Low Sulfur Fuel Oil Supply Contract By and Between Chevron Products Company, a Division of Chevron U.S.A. Inc. and Hawaiian Electric Company, Inc., dated December 2, 2009 ("Second Amendment"), which renegotiated the

¹The Consumer Advocate is an ex officio party to all proceedings before the commission. See HRS § 269-51; Hawaii Administrative Rules ("HAR") § 6-51-62.
operative price of low sulfur fuel oil ("LSFO") delivered under the contract by Chevron to HECO. ²

The original LSFO contract between HECO and Chevron, dated November 14, 1997, was initially approved by Decision and Order No. 16141, filed on December 30, 1997 in Docket No. 97-0397 ("Original Contract"). By Decision and Order No. 21522, filed on December 30, 2004 in Docket No. 04-0128, the commission approved two LSFO contract amendments, including the First Amendment to Low Sulfur Fuel Oil Supply Contract By and Between Chevron Products Company, a Division of Chevron U.S.A. and Hawaiian Electric Company, Inc., dated April 12, 2004 ("First Amendment"). The Application seeks approval of the Second Amendment to the Existing LSFO Contract. ³

HECO also requests approval to include the costs of the Second Amendment, including without limitation, the costs of the LSFO, the costs associated with the fuel, transportation, freight, mooring, pipeline, marine throughput fees, and related taxes ("related costs"), in HECO's Energy Cost Adjustment Clause ("ECAC") to the extent that such costs are not recovered in HECO's base rates.

Furthermore, because the pricing structure set forth in the Second Amendment will become effective as of

²See Application; Exhibits A-E; Verification; and Certificate of Service, filed on December 8, 2009 ("Application"), at 1 and Exhibit A. HECO served copies of its Application on the Consumer Advocate.

³The "Existing LSFO Contract" is defined as the Original Contract, as amended by the First Amendment.
February 15, 2010, HECO is requesting a final decision and order on or before January 28, 2010.¹

II.

Discussion

Given HECO’s request to issue a decision by January 28, 2009, the parties shall: (1) initiate the discovery process forthwith; and (2) submit a stipulated procedural order setting forth the issues, procedures, and schedule to govern this proceeding within three (3) days of the date of this Order for the commission’s review and approval. If the parties are unable to stipulate, they shall submit separate proposed procedural orders for the commission’s consideration within the same time period.

III.

Order

THE COMMISSION ORDERS:

The parties shall submit a stipulated procedural order for the commission’s review and approval, consistent with the parameters set forth in Section II of this Order, within three (3) days of the date of this Order. If the parties are unable to agree, they shall submit separate proposed procedural orders for the commission’s consideration within the same time period.

¹See Application at 4.
DONE at Honolulu, Hawaii           DEC 22 2009

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By:                      Carlito P. Caliboso, Chairman
                         John E. Cole, Commissioner
                         Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:

Bonita Y.M. Chang
Commission Counsel

2009-0346.cp
CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail, postage prepaid, and properly addressed to the following parties:

DEAN NISHINA
EXECUTIVE DIRECTOR
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DIVISION OF CONSUMER ADVOCACY
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