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PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
465 S. KING STREET, #103
HONOLULU, HAWAII 96813

December 7, 2004

To Parties and Participants:

Re: Docket No. 03-0371, In the Matter of Public Utilities Commission Instituting a Proceeding to Investigate Distributed Generation in Hawaii.

Enclosed please find a copy of an e-mail which was sent to the Commission by Life of the Land on December 5, 2004. This e-mail was not authorized for filing in this docket by the Commission by either Prehearing Order No. 20922, filed on April 23, 2004, or Order No. 21489, filed on December 1, 2004.

The e-mail does not indicate to whom it was sent. Pursuant to Hawaii Administrative Rules ("HAR") § 6-61-29 (b), this e-mail is being sent to all parties and participants and shall be made an official part of the record. The Commission reminds all parties and participants that they must adhere to the ex parte rules of HAR § 6-61-29 in this proceeding.

If you have any questions, please contact Kevin Katsura at (808) 586-2019. Thank you for your assistance on this matter.

Sincerely,

Kevin M. Katsura
Commission Counsel

KMK:eh

Enclosures

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12/05/2004 01:55 PM

To henry@lifeoftheland.net
cc
bcc Kris N Nakagawa/DBF/StateHiUS
Subject PUC Dockets: 03-0371 (DG) & 4337 (Creation of HEI)

Aloha,

The PUC public record in Docket No. 4337 (Creation of HEI) contains historical background that may be relevant to the DG docket. DN 4337 is available on microfiche at the PUC.

Direct Exam. of HECO President C. Dudley Pratt, Jr.

“The restructuring plan will provide the means for a more clearly defined separation of the utility and nonutility operations. A number of electric and gas utility companies across the nation have made similar corporate changes in order to better respond to developing opportunities and challenges. Industries will not be regulated as a public utility, and it can in the future form subsidiaries which will engage in nonutility businesses, for example, alternative energy development. The restructuring plan will insulate the regulated utilities (Heco, Helco and Mecos) from the influence and possible losses of other businesses in which Industries and its nonutility subsidiaries may invest. This should clarify and simplify the regulatory process.” pages 6-7.

HECO Reply Brief

“Applicants’ prepared direct testimony filed September 11, 1981 (testimony of C.D. Pratt, Jr. and A.T.F. Ing), supplemented by the testimony of these two witnesses at the hearings on November 5 and 6, 1981, provides amply support for their Applications. This testimony is uncontradicted. It shows the objectives of the restructuring plan, the fact that it will assist in the development of alternative energy resources in the State, the fact that the type of development cannot take place under present regulatory and financial restraints affecting HECO, that the restructuring plan will permit sharing of common costs among the various companies, and that the plan will improve the ability to raise common equity from the public at higher prices and with lower costs.” page 19

“Applicants never stated that alternative energy ventures were not risky. Indeed, one of the reasons for the restructuring plan is to help to insulate the regulated utilities from possible losses in innovated alternative energy ventures. Application, p. 9; Tr at 10, 62. Obviously, if the utility itself or a direct subsidiary of the utility were engaged in an unsuccessful alternative energy venture, this would directly reflect on the financial condition of the utility. If the same venture were engaged in by an unregulated subsidiary of the holding company, this would not be the case. Tr 5 at 62.” page 21