

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

----- In the Matter of -----)
)
PUBLIC UTILITIES COMMISSION)
)
Instituting a Proceeding to Investigate)
Competitive Bidding for New Generating)
Capacity in Hawaii.)

Docket No. 03-0372

PUBLIC UTILITIES
COMMISSION

2005 APR 28 P 1:12

FILED

**KAUAI ISLAND UTILITY COOPERATIVE'S RESPONSES
TO INFORMATION REQUESTS TO THE PARTIES AND PARTICIPANTS
OF HAWAII RENEWABLE ENERGY ALLIANCE**

AND

CERTIFICATE OF SERVICE

ISHIKAWA MORIHARA LAU & FONG, LLP

Kent D. Morihara, Esq.
Michael H. Lau, Esq.
841 Bishop Street, Suite 400
Honolulu, HI 96813
TELEPHONE: (808) 528-4200
FACSIMILE: (808) 531-8466

Attorneys for KAUAI ISLAND UTILITY
COOPERATIVE

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TO THE PARTIES AND PARTICIPANTS OF HAWAII RENEWABLE ENERGY ALLIANCE**

COMES NOW Kauai Island Utility Cooperative, by and through its respective attorneys, and hereby submits its responses to Hawaii Renewable Energy Alliance's Information Requests to the Parties and Participants.

DATED: Honolulu, Hawaii April 28, 2005.



Kent D. Morihara
Michael H. Lau

Attorneys for KAUAI ISLAND UTILITY
COOPERATIVE

**KAUAI ISLAND UTILITY COOPERATIVE'S RESPONSES TO INFORMATION REQUESTS
TO THE PARTIES AND PARTICIPANTS OF HAWAII RENEWABLE ENERGY ALLIANCE**

DOCKET NO. 03-0372

HREA-KIUC-IR-1 Does KIUC support HREA's proposed Model 1 (Competition Based on Utility Proposal) and/or Model 2 (Open Competition with IPPs Only), as discussed on pages 10 to 12 of our PSOP? If not, please explain.

Response: In general, KIUC supports the elements of Model 1 except the use of an independent contracting agent (ICA) as it applies to KIUC's situation. As a member-owned utility cooperative, KIUC's members (essentially, the ratepayers) and owners/shareholders are one and the same. Therefore, there is no separation of the risk (or undue risk) borne by the utility and its ratepayers. KIUC is governed by a membership-elected 9-person Board of Directors that is chartered with rendering key decisions with regards to Integrated Resource Planning and ultimately, procurement of new generation. In this sense, the KIUC Board of Directors provides the same oversight and risk mitigation for its members as would an ICA for ratepayers of an investor-owned utility.

Regarding Model 2, KIUC has the same comments as above for Model 1 with an additional question as to the rationale under Model 2 for only allowing a utility-affiliate to bid, but not the utility itself, when a site is not pre-identified.

Sponsor: Tim Blume

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DOCKET NO. 03-0372

HREA-KIUC-IR-2 Does KIUC support a mechanism whereby fuel price & volatility and supply risks are NOT born solely by the ratepayer? If so, does the COM have a proposal for creating such a mechanism?

Response: KIUC interprets this question to imply that any of the stated risks not borne solely by the ratepayer are borne by the investors. As a member-owned electrical cooperative, KIUC believes that this question is not applicable to KIUC.

Sponsor: Joe McCawley

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DOCKET NO. 03-0372

HREA-KIUC-IR-3 Does the COK support HREA's recommendations for improving IRP as described on pages 16 to 19 in our PSOP?

Response: As referenced in KIUC's Statement of Position, KIUC believes that its proposed IRP Framework adequately and properly accounts for competitive bidding procedures as applicable to KIUC as an electric cooperative. KIUC supports the intent of any of HREA's above referenced recommendations to the extent that they are consistent with KIUC's proposed IRP Framework.

Sponsor: Joe McCawley

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing document were duly served on the following parties, by having said copies delivered as set forth below:

DIVISION OF CONSUMER ADVOCACY
335 Merchant Street
Room 326
Honolulu, HI 96813
Email: cheryl.s.kikuta@dcca.hawaii.gov
jon.s.itomura@dcca.hawaii.gov
ann.y.tonokawa@dcca.hawaii.gov

3 copies
Hand Deliver

THOMAS W. WILLIAMS, JR. ESQ.
PETER Y. KIKUTA, ESQ.
Goodsill, Anderson, Quinn & Stifel
Alii Place, Suite 1800
1099 Alakea Street
Honolulu, HI 96813
Email: twilliams@goodsill.com
pkikuta@goodsill.com
*Attorneys for Hawaiian Electric Company, Inc., Maui Electric Company, Ltd.,
and Hawaii Electric Light Company, Inc.*

1 copy
U.S. Mail

MR. WILLIAM A. BONNET
Vice President
Hawaiian Electric Company, Inc.
Hawaii Electric Light Company, Inc.
Maui Electric Company, Limited
P. O. Box 2750
Honolulu, HI 96840-0001
Email: bill.bonnet@heco.com

1 copy
U.S. Mail

PATSY H. NANBU
Hawaiian Electric Company, Inc.
P. O. Box 2750
Honolulu, HI 96840-0001
Email: patsy.nanbu@heco.com

1 copy
U.S. Mail

BRIAN T. MOTO, CORPORATION COUNSEL
County of Maui
Department of the Corporation Counsel
200 S. High Street
Wailuku, HI 96793
Email: brian.moto@co.maui.hi.us

1 copy
U.S. Mail

CINDY Y. YOUNG, DEPUTY CORPORATION COUNSEL
County of Maui
Department of the Corporation Counsel
200 S. High Street
Wailuku, HI 96793
Email: cindy.young@co.maui.hi.us

1 copy
U.S. Mail

KALVIN K. KOBAYASHI, ENERGY COORDINATOR
County of Maui
Department of Management
200 S. High Street
Wailuku, HI 96793
Email: kal.kobayashi@co.maui.hi.us

1 copy
U.S. Mail

WARREN S. BOLLMEIER II, PRESIDENT
Hawaii Renewable Energy Alliance
46-040 Konane Place, #3816
Kaneohe, HI 96744
Email: wsb@lava.net

1 copy
U.S. Mail

MR. JOHN CROUCH
Box 38-4276
Waikoloa, HI 96738
Email: hydrogen@hawaii.rr.com

1 copy
U.S. Mail

MR. RICK REED
Inter Island Solar Supply
761 Ahua Street
Honolulu, HI 96819
Email: rreed@sunearthinc.com

1 copy
U.S. Mail

SANDRA –ANN Y. H. WONG, ESQ.
1050 Bishop Street, #514
Honolulu, Hawaii 96813
Email: sawonglaw@hawaii.rr.com
Attorney for Hess Microgen

1 copy
U.S. Mail

CHRISTOPHER S. COLMAN, Deputy General Counsel
Amerada Hess Corporation
One Hess Plaza
Woodbridge, N.J. 07095
Email: ccolman@hess.com

1 copy
U.S. Mail

MICHAEL DE'MARSI
Hess Microgen
4101 Halburton Road
Raleigh, NC 27614
Email: demarsi@earthlink.net

1 copy
U.S. Mail

LANI D. H. NAKAZAWA, ESQ.
Office of the County Attorney
County of Kauai
4444 Rice Street, Suite 220
Lihue, HI 96766
Email: lnakazawa@kauaigov.com

2 copies
U.S. Mail

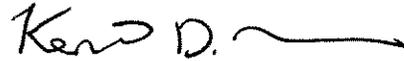
GLENN SATO, ENERGY COORDINATOR
c/o Office of the County Attorney
County of Kauai
4444 Rice Street, Suite 220
Lihue, HI 96766
Email: glenn@kauaioed.org

1 copy
U.S. Mail

MR. H.A. DUTCH ACHENBACH
MR. JOSEPH McCAWLEY
MR. MICHAEL YAMANE
Kauai Island Utility Cooperative
4463 Pahe'e Street
Lihue, HI 96766
Email: dachenba@kiuc.coop
jmccawle@kiuc.coop
myamane@kiuc.coop

1 copy
U.S. Mail

DATED: Honolulu, Hawaii, April 28, 2005.



KENT D. MORIHARA
MICHAEL H. LAU

Attorneys for KAUAI ISLAND UTILITY
COOPERATIVE