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BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
HAWAIIAN ELECTRIC COMPANY, INC.)
For Approval of Rate Increases and)
Revised Rate Schedules and Rules, and for)
Approval and/or Modification of Demand-)
Side and Load Management Programs and)
Recovery of Program Costs and DSM Utility)
Incentives.)

DOCKET NO. 04-0113

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COMMISSION

DEPARTMENT OF DEFENSE'S
REBUTTAL INFORMATION REQUESTS
TO HAWAIIAN ELECTRIC COMPANY, INC.
AND
CERTIFICATE OF SERVICE

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ATTORNEY FOR
DEPARTMENT OF DEFENSE

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DEPARTMENT OF DEFENSE'S REBUTTAL INFORMATION REQUESTS
TO HAWAIIAN ELECTRIC COMPANY, INC.

COMES NOW, DEPARTMENT OF DEFENSE ("Applicant") by and through its undersigned attorney, and hereby submits its Rebuttal Information Requests to Hawaiian Electric Company, Inc. ("HECO").

DATED: Honolulu, Hawaii, August 16 2005.


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DEPARTMENT OF DEFENSE'S
REBUTTAL INFORMATION REQUESTS
TO HAWAIIAN ELECTRIC COMPANY, INC.
INSTRUCTIONS

In order to expedite and facilitate Department of Defense's review and analysis in the above matter, the following is requested:

1. For each response, HECO should identify the person who is responsible for preparing the response as well as the witness who will be responsible for sponsoring the response should there be an evidentiary hearing;
2. Unless otherwise specifically requested, for applicable schedules or workpapers, HECO should provide hard copies of each schedule or workpaper together with one copy of each such schedule or workpaper on electronic media in a mutually agreeable format (e.g., Excel and Quattro Pro, to name two examples); and
3. When an information request makes reference to specific documentation used by HECO to support its response, it is not intended that the response be limited to just the specific document referenced in the request. The response should include any non-privileged memoranda, internal or external studies, assumptions, HECO instructions, or any other relevant authoritative source which HECO used.
4. Should HECO claim that any information is not discoverable for any reason:
 - a. State all claimed privileges and objections to disclosure;
 - b. State all facts and reasons supporting each claimed privilege and objection;

- c. State under what conditions HECO is willing to permit disclosure to Department of Defense (e.g., protective agreement, review at business offices, etc.); and
 - d. If HECO claims that a written document or electronic file is not discoverable, besides complying with subparagraphs 4(a-c), identify each document or electronic file, or portions thereof, that HECO claims are privileged or will not be disclosed, including the title or subject matter, the date, the author(s) and the addressee(s).
5. Please provide each response in electronic format (if available) as well as paper. Please provide two copies of each response, with one copy going directly via overnight delivery to Department of Defense's consultant at the following address:

Mr. Ralph Smith
Larkin & Associates
15728 Farmington Road
Livonia, MI 48154
Telephone No.: 734-522-3420
E-mail: RSmithLA@aol.com

and the other copy going directly via overnight delivery to:

Dr. Kay Davoodi
Utilities Rates and Studies Office
NAVFAC Washington
1314 Harwood Street, S.E.
Washington Navy Yard, DC 20374-5018
Telephone No.: 702-685-3319
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DEPARTMENT OF DEFENSE'S REBUTTAL INFORMATION

REQUESTS TO HAWAIIAN ELECTRIC COMPANY, INC.

DOCKET NO. 04-0113

The following rebuttal information requests are directed to HECO.

- DOD-RIR-1. Please specifically identify each new adjustment that HECO is proposing for the first time in its rebuttal testimony, and explain why HECO could not quantify each such adjustment prior to its rebuttal testimony.
- DOD-RIR-2. Refer to HECO RT-16, page 18, lines 17-19. Please provide complete calculations showing the derivation of the \$125,000.
- DOD-RIR-3. Refer to HECO RT-16, page 18, lines 7-9. Please provide complete calculations showing the derivation of the \$4.5 million, and the \$3.0 million.
- DOD-RIR-4. Refer to HECO RT-16.
- a. Please explain fully HECO's budgeting process for "additional unforecasted positions."
 - b. Please explain fully why HECO is unable to forecast accurately positions that it needs to fill.
 - c. Please provide the source documents for all "additional unforecasted positions" discussed in HECO RT-16 and HECO's other rebuttal testimony.
 - d. Is there any specific mention of "additional unforecasted positions" in HECO's direct testimony in this case? If so, please identify exactly where "additional unforecasted positions" are discussed.
 - e. Is there any specific quantification of "additional unforecasted positions" in HECO's previous responses to CA and DOD information requests in this case? If so, please identify exactly where "additional unforecasted positions" are quantified in those responses.
 - f. When did HECO first become aware that it had "additional unforecasted positions"?
 - g. When did HECO first become aware that "additional unforecasted positions" should impact the test year labor cost amount?

- h. For each month of 2004 and 2005, please identify all “additional unforecasted positions.”
- i. For each month of 2004 and 2005, please identify each “additional unforecasted position” that was not filled.
- j. Please quantify the impact of each “additional unforecasted position” on HECO’s budgets for 2004, 2005 and 2006.

DOD-RIR-5. Refer to HECO RT-16 and HECO-R-1603.

- a. Please show in detail all positions in the column “Total Positions Approved for Hiring in 2005 as of 7/26/05” that have not been filled as of 7/31/05.
- b. Please show in similar format to HECO-R-1603 the 8/31/05 actually filled positions.
- c. Please quantify the annualized impact on labor cost associated with the difference between the 1454 actual employees on 7/27/05 from HECO-R-1604 and the 1543 “Total Positions Approved for Hiring in 2005 as of 7/26/05” on HECO-R-1603.

DOD-RIR-6. Refer to HECO-R-1602. Please identify the reduction in audit and consulting fees associated with the projected increase in internal audit from 6 to 12 positions.

DOD-RIR-7. Please provide job descriptions for each position listed in the “Additional Approved Positions Unforecasted in TY 2005” of HECO-R-1603.

DOD-RIR-8. Refer to HECO RT-16, page 5, lines 10-11.

- a. Please show by month of 2005 the monthly employee counts that were utilized to compute the “revised test year 2005 total average number of employees” of 1,485.
- b. Please identify each figure on HECO-R-1602 which is not an actual employee count, and provide the corresponding actual employee count.

DOD-RIR-9. Refer to HECO-R-1605.

- a. Please quantify the impact on 2005 operating expenses of the -46 employee position difference shown on HECO-R-1605. Include supporting calculations and workpapers.

- b. Please quantify the annualized labor cost associated with each figure in the Difference column on HECO-R-1605. Include supporting calculations and workpapers.
- c. Please quantify the amount of labor cost that HECO is requesting in the 2005 test year for employee positions in excess of those shown in the "Employee Count as of June 30, 2005" column on HECO-R-1605. Include supporting calculations and workpapers.

DOD-RIR-10. Refer to HECO RT-16, page 6, lines 18-21. Subsequent to the development of the Company's 2005 test year forecasted employee count, were any positions eliminated or deleted? If so, identify all eliminated and deleted positions.

DOD-RIR-11. Refer to HECO RT-16, page 6, lines 18-21.

- a. What number of positions is reflected in HECO's 2005 budget? Please show by month in similar format to HECO-R-1604 and HECO-R-1602.
- b. Does HECO have a budget or forecast for 2006?
- c. What number of positions is reflected in HECO's 2006 budget? Please show by month in similar format to HECO-R-1604 and HECO-R-1602.

DOD-RIR-12. Refer to HECO RT-16, page 7, line 2. Does the actual employee count information shown on HECO-R-1604 by month through July represent "the expected 2005 actual employee count" for January through July 2005? If not, please identify exactly what HECO means by "the expected 2005 actual employee count" for January through July 2005.

DOD-RIR-13. Refer to HECO-R-1606 and provide, in similar format, ACTUAL wages and benefits through July 31, 2005 charged to O&M, Capital, Billables and Clearing, based on actual positions as of the following dates:

- a. Actual Positions Filled As of 1/1/05

Positions Filled in:

- b. January 2005
- c. February 2005
- d. March 2005
- e. April 2005

f. May 2005

g. June 2005

h. July 2005

DOD-RIR-14. Refer to HECO-R-1606 and provide, in similar format, HECO's proposed 2005 test year wages and benefits charged to O&M, Capital, Billables and Clearing.

DOD-RIR-15. Please summarize in one Excel sheet all changes in HECO's proposed labor cost for the 2005 test year from (1) HECO's original filing, to (2) HECO's rebuttal.

DOD-RIR-16. Refer to HECO-R-1605. Do all of the figures in the "Employee Count as of June 30, 2005" column include actually filled and hired positions (including the so-called "additional unforecasted positions" that have actually been filled)? If not, please identify all "additional unforecasted positions" that have been filled that are not shown in the "Employee Count as of June 30, 2005" column.

DOD-RIR-17. Refer to HECO-R-1604. Do all of the figures each column include actually filled and hired positions (including the so-called "additional unforecasted positions" that have actually been filled)? If not, please identify all "additional unforecasted positions" that have been filled that are not shown in each monthly column.

DOD-RIR-18. Refer to HECO RT-16, page 16, lines 16-24. Please quantify the impact of each of the following 4 items on HECO's test year 2005 labor cost request: (1) there are additional positions that were not included in the test year estimates that have been and are being filled (i.e., the additional unforecasted positions), (2) some of the vacant positions relate to expanded DSM programs, for which the expenses have been removed from the test year, (3) some of the vacancies are not "structural" vacancies, but are new positions that should be filled by the end of the test year, and (4) the Company is incurring additional, unforecasted overtime in some areas as a result of some of the vacancies.

a. Include supporting workpapers for each quantification.

DOD-RIR-19. Refer to HECO RT-16, page 16, lines 10-14. Please provide the "prior rate cases" material that HECO is relying upon for this statement.

DOD-RIR-20. Refer to HECO RT-16, page 16, lines 8-9. Please explain fully how there "may be" merit in the CA's and DOD's general proposition.

DOD-RIR-21. Refer to HECO RT-16 concerning the new King Street operating lease. Please specifically identify and summarize in one Excel sheet all changes in building rent expense for the 2005 test year from HECO's original filing to HECO's rebuttal that HECO is proposing.

DOD-RIR-22. Refer to HECO RT-16, page 22, line 5-7.

- a. Please quantify the difference in test year rent expense. Include supporting calculations.
- b. Please explain fully the basis for the conclusion that "the resulting difference in test year rent expense is not significant."
- c. Please explain fully how a "difference in test year rent expense [that] is not significant" would have "negative financial implications for the Company."
- d. Please quantify all of the "negative financial implications for the Company" that would result from the "difference in test year rent expense" between ratemaking and financial reporting. Include supporting calculations.

DOD-RIR-23. Refer to HECO RT-16, page 24, lines 18-21. Please provide HECO's suggested language for the "sufficient assurances."

DOD-RIR-24. Refer to HECO RT-16, page 25, lines 1-3.

- a. Please quantify the impact on HECO's being able to earn the rate of return that would result from differing ratemaking and financial reporting amounts being used for the King Street lease. Include supporting workpapers.
- b. Based on HECO's rebuttal filing figures, what is the impact of a \$43,000 pre-tax expense difference on HECO's earned return on equity? Show calculations.

DOD-RIR-25. Refer to HECO RT-16, page 26, lines 14-21 and HECO RT-21. Please clarify (1) whether HECO imputed King Street lease debt into its capital structure in its rebuttal filing, and (2) quantify exactly the impact of such imputation. Include supporting calculations.

DOD-RIR-26. Refer to HECO RT-16, page 27, line 2 through page 30, line 22. Please identify when HECO first became aware of this "pension background" information and why it was not presented in HECO's direct filing.

DOD-RIR-27. Refer to HECO RT-16, page 31, lines 21 through page 33, line 2. Please Confirm that the Commission has never approved in a final order HECO's proposal to include a pension asset in rate base. If your answer is anything

other than an unqualified confirmation, please explain fully and provide specific citations to the Commission order in which such approval was granted.

- a. Please explain how HECO's semi-annual reports are used to adjust HECO's rates.
- b. Please explain fully HECO's understanding of how and whether the Commission approves HECO's semi-annual reports as future ratemaking precedents.

DOD-RIR-28. Refer to HECO RT-16, page 31, lines 21-23. Provide all semi-annual reporting to the Commission from December 1998 through the present. Within each such report, please specifically identify the pension asset or liability that HECO reflected in rate base.

DOD-RIR-29. Refer to HECO RT-16, page 26, line 22, through page 34, line 2. Please identify all facts and information contained in such rebuttal testimony that HECO did not have at the time of its direct filing.

DOD-RIR-30. Refer to HECO RT-16, page 32, lines 4-9. Please identify and provide all testimony filed in the HELCO and MECO rate cases that opposed the companies' proposed rate base treatment for the prepaid pension asset (HELCO) or pension liability (MECO). Also, include the related exhibits showing the analysis.

DOD-RIR-31. Refer to HECO RT-16, page 32, lines 14-18. Please Confirm that none of the cited orders specifically addressed the inclusion of a prepaid pension asset in rate base. If your answer is anything other than an unqualified confirmation, please explain fully and provide specific citations to each provision in each Commission order in which such approval was granted.

DOD-RIR-32. Refer to HECO RT-16, page 47, line 19-21. Please Confirm that nowhere in any of the CA or DOD testimony is it stated that "utilities are guaranteed their authorized rate of return." If your answer is anything other than an unqualified confirmation, please explain fully and provide specific citations to each provision in CA and DOD testimony in which such a statement was asserted.

DOD-RIR-33. Refer to HECO RT-16, page 51, lines 17-25. Does HECO fully agree with the test year concept as quoted? If not, explain fully why not.

DOD-RIR-34. Refer to HECO RT-16, page 52, line 19. Provide citations to all Commission orders that HECO is relying upon for its interpretation of "retroactive ratemaking."

DOD-RIR-35. Refer to HECO RT-16, page 53, lines 3-4. Please quantify all benefit to ratepayers “from the prepaid pension asset.” Include all supporting calculations.

DOD-RIR-36. Refer to HECO RT-16, pages 55-57.

- a. Please describe fully and provide the documentation related to all searches HECO performed concerning whether pension assets were includible in rate base.
- b. Please list every contact HECO made in its less than exhaustive search of state commission orders.
- c. Is HECO aware of any cases in which pension assets were proposed by the utility for rate base inclusion but were disallowed? If so, please identify all such cases of which HECO is aware.
- d. Please provide a complete copy of the Massachusetts, Kentucky and Washington orders listed in pages 55-56.
- e. Please provide a complete copy of the GTE settlement mentioned on page 57.
- f. Please identify any language in the GTE settlement mentioned on page 57 of which HECO is aware which addresses the use of such settlement as ratemaking precedent.

DOD-RIR-37. Refer to HECO RT-16, page 58, lines 23-24.

- a. Since the inception of FAS 87 accounting for book purposes, please list the amount of cash each year that investors have provided to the pension plan.
- b. Since the inception of FAS 87 accounting for book purposes, please list the amount of pension expense that was included in HECO’s revenue requirement each year.
- c. Please provide source references for the annual amounts listed in response to parts a and b.

DOD-RIR-38. Refer to HECO RT-16, page 63, lines 2-8. Please provide a copy of all documents reviewed and/or exchanged during the meeting with S&P.

DOD-RIR-39. Refer to HECO RT-16, page 65, lines 2-6. Please provide a copy of all documents reviewed and/or exchanged during the meeting with Moody’s.

DOD-RIR-40. Refer to HECO RT-16, page 68, line 15, and HECO RT-23, page 2, line 1. What is the lowest amount of rate relief that would be “meaningful”? Please quantify and explain the amount.

DOD-RIR-41. Refer to HECO RT-23, pages 6, lines 21-23. Please identify specifically each adjustment wherein HECO believes that “the CA or DOD is proposing to disallow an expense that has been previously approved by the Commission” and provide a citation to where HECO believes that such expense has been approved.

DOD-RIR-42. Refer to HECO RT-23, pages 7, lines 1-5.

- a. Please identify specifically each adjustment and the associated impact wherein HECO believes that “the CA or DOD made a computational or input error in arriving at its estimate.” Include supporting calculations.
- b. Please identify specifically each adjustment and the associated impact wherein HECO believes that “later available information demonstrates the unreasonableness of the CA or DOD estimate, or where the CA or DOD estimate is clearly too low.” Include supporting calculations.

DOD-RIR-43. Refer to HECO RT-23. What is the specific amount of interim rate increase HECO proposing? Please identify the amount and show in detail how it is calculated.

DOD-RIR-44. Refer to HECO RT-17, page 3, lines 3-8. Is HECO aware of any regulatory jurisdictions in which the “interest synchronization” methodology for calculating the interest expense adjustment in the income tax calculation is utilized? If so, please list the jurisdictions of which HECO is aware that use the “interest synchronization” methodology.

DOD-RIR-45. Refer to HECO RT-18 pages 3-4.

- a. Is the \$5,636,000 a 12/31/05 estimate? If not, explain fully.
- b. Is the impact on average 2005 test year rate base one-half of the \$5,636,000. If not, quantify the impact on average 2005 test year rate base from this item.
- c. Provide by month the actual expenditures on the New Kuahua Substation project through the present.
- d. What is the in-service date of the New Kuahua Substation project?
- e. When were the annual expenditures on the New Kuahua Substation project revised?

- f. Please identify and explain all changes to the anticipated in-service date for the New Kuahua Substation project that have occurred since HECO's original filing in November 2004.
- g. What other changes to plant additions beside the May 5, 2005 update and the June 15, 2005 update does HECO intend to propose? Please identify, quantify and describe all such changes.

DOD-RIR-46. Refer to HECO RT-18, page 6.

- a. Please provide the supporting documentation for HECO's revised expectations concerning when and in what amount Ford Island Substation project CIAC would be received.
- b. Please provide a copy of the agreement, which specifies when, and in what amount CIAC for the Ford Island Substation project would be received by HECO.

DOD-RIR-47. Refer to HECO RT-19, page 9.

- a. Please explain why HECO did not reflect the "correct" amount of OPEB liability for the average 2005 test-year of \$9,739,000 in its rebuttal testimony rate base.
- b. Please explain what the "next available opportunity to determine revenue requirements" is, and what changes HECO will make at that time.

DOD-RIR-48. Refer to HECO RT-19, page 13, lines 16-25.

- a. Please provide the debits and credits for each month of 2004 and 2005 for pension expense to record expense and to record payments.
- b. Please provide the debits and credits for each month of 2004 and 2005 for OPEB expense to record expense and to record payments.

DOD-RIR-49. Refer to HECO RT-19, page 15, lines 18-20, where it states: "HECO's position is that the revenues associated with NPPC are subject to the same revenue collection lag as any other item forming the basis of its revenue requirement."

- a. Please explain fully why HECO did not include depreciation expense in its cash working capital calculation.
- b. Please explain fully why HECO did not include interest payments based on its proposed weighted cost of debt in its cash working capital calculation.

- c. Please identify all components of the revenue requirement that HECO did not include in its cash working capital calculation.
- d. For each item identified in response to part c, please explain fully HECO's rationale for excluding each such item from its cash working capital calculation.

DOD-RIR-50. Refer to HECO RT-19, page 15, lines 23-25. Please explain fully how HECO's calculation of cash working capital is consistent with "its position that all revenue should be included in the revenue collection lag" and identify each "non-cash item" that HECO excluded in its cash working capital calculation.

DOD-RIR-51. Refer to HECO RT-4, page 34, line 19. Is the \$44.484 million HECO's final amount for fuel inventory for purposes of this rate case? If not, please specify in detail all additional changes that would change this amount.

DOD-RIR-52. Refer to HECO RT-4 and RT-5.

- a. Please explain fully why HECO used May 2005 fuel prices.
- b. Please confirm that HECO will not be proposing any additional adjustments to fuel or purchased power expense or to fuel inventory in this case.
- c. If the answer to b is anything less than an unequivocal confirmation, please identify, quantify and describe all additional changes that HECO will propose to fuel and purchased power expense and to fuel inventory in this case.
- d. Include supporting workpapers and calculations for all quantifications included in part c.

DOD-RIR-53. Refer to HECO RT-6. Please clarify: are there any additional adjustments being proposed by this HECO witness that were not identified by HECO in its May 5, 2005 and June 15, 2005 update transmittals? If so, please clearly identify each additional or revised adjustment proposed by the witness beyond those identified by HECO in its May 5, 2005 and June 15, 2005 update transmittals.

DOD-RIR-54. Refer to HECO RT-10, pages 10-11. Please identify, quantify and explain what portion of the \$321,000 informational advertising (before the increase to \$1,071,000) was used for each of the following:

- a. The importance of using energy wisely at all times.
- b. That it makes special sense to reduce energy use at peak.

- c. To create a basis for dramatically cutting the use of electricity during an emergency.
- d. Please provide copies of the ads HECO has run for the objectives identified in a, b and c.
- e. Has HECO conducted any customer services which indicate that customers do not understand that using energy wisely at all times, during the peak and during an emergency, is important? If so, please provide the documentation.
- f. What percentage of its customer base does HECO think does not understand that using energy wisely at all times, during the peak and during an emergency, is important? Provide the documentation relied upon by HECO for this answer.
- g. Please provide a copy of all advertisements, including the text of all radio and television scripts, that HECO intends to run that are related to the cost increase from the \$321,000 original amount to the new HECO proposed amount of \$1,071,000.
- h. Does HECO have any basis for believing that customers would not be motivated to conserve energy given the pending increases from:
 - i. The base rate increase from this case,
 - ii. The additional DSM surcharge that could result from the Energy Efficiency case,
 - iii. And the large fuel cost increase that its customers will be experiencing?

If so, explain fully and provide the documents relied upon.

DOD-RIR-55. Refer to HECO RT-10, pages 18-19.

- a. Please explain fully why it makes a difference to HECO if its DSM expenses are addressed in the current rate case or in the Energy Efficiency proceeding established in D&O No. 21698.
- b. As long as HECO's legitimate DSM costs are recovered either in base rates or in a DSM surcharge, why is HECO concerned about where such costs are recovered? Explain fully.

DOD-RIR-56. Refer to HECO RT-10, page 20, lines 11-14.

- a. Please identify exactly where HECO first identified the amount of reduction to Customer Assistance Expense for the removal of Green Pricing Program costs.
- b. Did HECO clearly reflect the removal of Green Pricing Program costs in its May 5, 2005 or June 15, 2005 update filings?

DOD-RIR-57. Refer to HECO RT-10, page 37.

- a. Provide the specific basis for HECO's interpretation that: "the Energy Efficiency Docket was established to address issues surrounding the demand-side management programs and not IRP expenses."
- b. Does HECO agree that DSM is a part of the IRP? If not, explain fully why not.
- c. Does HECO agree that Energy Efficiency subjects are a part of IRP? IF not, explain fully why not.

DOD-RIR-58. Refer to HECO RT-10, page 36, in the HELCO rate case cited on page 36, lines 2-6, did HELCO have a concurrent case in which the Commission had opened to address Energy Efficiency subjects? If not, explain fully why not.

DOD-RIR-59. Refer to HECO RT-10, pages 36-37. Is it HECO's position that after addressing HECO energy efficiency matters comprehensively in the Energy Efficiency Docket the Commission could not decide in that docket which costs HECO should recover in the DSM surcharge and which costs HECO should recover in base rates? If so, please state fully the basis for HECO's position and include citations to the authority relied upon.

DOD-RIR-60. Refer to HECO RT-13, pages 21-2, re DSM consultant costs.

- a. Please identify the consultants to which the \$80,000 DSM consultant costs relate.
- b. Please indicate whether the consultants identified in part a have prepared any reports, documents or testimony for HECO, and identify all such reports, documents and testimony.
- c. Please indicate in which docket (the rate case, or the Energy Efficiency Docket) the reports, documents and testimony that were prepared by HECO's DSM consultants are being addressed.

DOD-RIR-61. Refer to HECO RT-13, page 23, lines 12-18.

- a. Please identify the range of base rate revenue increases resulting from this case that would cause HECO to file another rate case within 3 years.
- b. Please identify the range of base rate revenue increases resulting from this case that would cause HECO to file its next rate case in four or more years.

DOD-RIR-62. Refer to HECO RT-13 at pages 26-27.

- a. Please quantify exactly how “The Company has reduced its overall test year revenue requirements with respect to the King Street office building lease” as stated on page 26, lines 20-22. Include all supporting calculations, and the amount of overall test year revenue requirement reduction.
- b. Please identify where in the May 5, 2005 and June 15, 2005 the \$43,000 increase related to Kamehameha Schools Bishop Estate was identified. If this was not identified in the HECO updates, explain fully why not.
- c. Provide a copy of the lease agreement related to the \$43,000 increase related to Kamehameha Schools Bishop Estate.

DOD-RIR-63. Refer to HECO RT-13, pages 28-30.

- a. Please confirm that HECO’s proposal for the Kahe Unit 7 amortization is to continue a \$900,000 per year amortization. If this is not the case, explain fully.
- b. Please confirm that the result of HECO’s proposal is that the \$900,000 of Kahe Unit 7 amortization would be included in HECO’s proposed revenue requirement until HECO’s next rate case. If this is not the case, explain fully.
- c. Assuming that “the Company’s next rate case is more likely to be filed in three, rather than four, year after the conclusion of this instant proceeding” (as stated on HECO RT-13, page 30, lines 17-19), when does HECO expect that its next base rate case would be filed?
- d. Assuming that “the Company’s next rate case is more likely to be filed in three, rather than four, year after the conclusion of this instant proceeding” (as stated on HECO RT-13, page 30, lines 17-19), when does HECO expect that the rates established in its next base rate case would become effective?

DOD-RIR-64. Please explain why HECO filed RT-14.

DOD-RIR-65. Refer to HECO RT-15, page 5, line 1. For what pension plan year was the \$15,186,494 contribution made, and as of what exact date in December 2004 was this contribution made?

DOD-RIR-66. Refer to HECO RT-15, page 7.

- a. Please identify the cost-benefit analysis associated with the new position.
- b. Please identify all savings in outside services costs including outside legal and auditor costs associated with the new position.
- c. Provide a complete job description for the new position.
- d. Provide the portion of the internal control review document that caused the new position to be created.

DOD-RIR-67. Refer to HECO RT-15, page 7, lines 20-21.

- a. Please confirm that for its own 2005 budgeting process HECO reflects a “hiring lag” adjustment. If this is not the case, explain fully.
- b. Please confirm that HECO agrees with and reflects a “hiring lag” adjustment for its 2005 budgeting purposes. If this is not the case, explain fully.

DOD-RIR-68. Refer to HECO RT-15. Has HECO reflected any changes to pension or OPEB expense in its rebuttal testimony that were not identified in HECO’s June 15, 2005 update transmittal? If so, please identify all changes to pension or OPEB expense in its rebuttal testimony that were not identified in HECO’s June 15, 2005 update transmittal.

CERTIFICATE OF SERVICE

I hereby certify that one copy of the foregoing DEPARTMENT OF DEFENSE'S REBUTTAL INFORMATION REQUESTS TO HAWAIIAN ELECTRIC COMPANY, INC. was duly served upon the following parties, by personal service, hand-delivery, and/or U.S. mail, postage prepaid, and properly addressed pursuant to HAR sec. 6-61-21(d).

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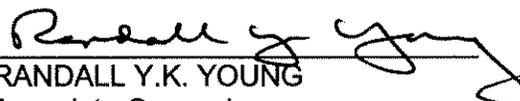
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DATED: Honolulu, Hawaii, August 16, 2005


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