

BEFORE THE PUBLIC UTILITY 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

PUBLIC UTILITIES
COMMISSION

FEB 10 10 29 AM '05

FEB 10 10 29 AM '05

MEMORANDUM IN RESPONSE TO
THE MEMORANDUM IN OPPOSITION
TO THE MOTION TO PARTICIPATE OF
JOSEPH SPERONI

&

CERTIFICATE OF SERVICE

Joseph Speroni
2781 Kapiolani Blvd.
Suite #502
Honolulu, HI 96826
Telephone (808) 955-2496

**BEFORE THE PUBLIC UTILITY
COMMISSION OF THE STATE OF
HAWAII**

In the Matter of the Application of)	DOCKET NO. 04-0113
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)	

**MEMORANDUM IN RESPONSE TO THE MEMORANDUM IN OPPOSITION
TO THE MOTION TO PARTICIPATE OF
JOSEPH SPERONI**

Petitioner respectfully submits comments to HECO's memorandum in opposition to his motion to participate. Petitioner's believes (1) his original motion to participate did raise an important and unanswered question related to HECO plans to build an Internet business using electric power lines and the relationship to the large increase of DSM programs funding, (2) that the issue is not related to HECO's general rate increase filing which was considered by the Consumer Advocate to be complete and compliant as of Dec 1, 2004¹, and (3) Petitioner has no intention to broaden the scope of the docket nor unreasonably delay the proceedings.

The question posed is simple and can be quickly quantified. Petitioner notes that the need for the 9.9% increase requested is large with respect to the current financial health of the company. Petitioner is not the only testifier to observe that the size and number of proposed DSM programs is large compared to past accomplishments. Given the scope of publicity about HECO's entering the Internet business, the need of DSM programs for a communications network, and the large costs involved in deploying the DSM programs, it is not unreasonable to confirm whether the rate increase is in some part subsidizing entry into a new business. It is not the intent of Petitioner to raise any issues not implicitly covered in HECO's filings and public statements, nor to delay the proceeding.

¹ http://www.hawaii.gov/budget/puc/dockets/04-0113_CA_2004-12-2.pdf

Petitioner does not believe the citing of past motions to intervene is relevant. Petitioner does not allege to represent other parties and can find no requirement to do so in §6-61-56 of the PUC codes. Representing a separate group whose interests are not covered by the Consumer Advocate would be compelling, but Petitioner's reading of the regulations does not find any prohibition of individual participation.

I. Discussion

A. Movant Does Not Have A Statutory Right To Participate In This Docket.

Petitioner understands that under §6-61-56(a) "commission may permit participation without intervention" of other parties. Petitioner does not agree that any question which HECO asserts will affect the "just, speedy and inexpensive determination" of the proceedings must be denied.

B. Movant Has Not Shown That His Participation Would Aid the Commission By Submitting An Affirmative Case.

Petitioner agrees with HECO's comment that the affirmative case might be better stated. Petitioner originally stated,

"Applicant believes clarification of DSM projects' effective use of appropriate technology and review of HECO implementation plans should, and can be shown, to correspond to the stated goals of the projects."

Petitioner will restate the affirmative case in his closing below.

The intent was to confirm that costs for the DSM projects network(s) included in the 9.9% rate increase were appropriate to each project. For example it is clearly possible to read electric meters using lower cost slow speed data equipment not suitable for high speed Internet networks. HECO does not need to develop an expensive proprietary high-speed network in order to read electric meters.

HECO correctly states that petitioner did not demonstrate participation in any types of public utilities commission proceedings. Petitioner does not have such experience but again sees no such requirement in §6-61-56. Such an interpretation would seem to limit participation only to those professional consultants available to HECO or require a petitioner to hire an attorney specializing in PUC matters to represent him if he does not have a history of previous participation.

Petitioner acknowledges his experience in computers systems is not directly related to DSM programs, but has extensive experience and expertise in data networks that is relevant to HECO's needs for DSM projects.

Petitioner does not have access to HECO's citation of [In Re Maui Electric Co., Docket No. 7000, Decision and Order No. 11668 (June 5, 1992) ("D&O 11668")] and cannot comment on its relevance to his motion.

C. Movant Interests In General Rate Case Issues Can Be Adequately Represented by The Consumer Advocate.

HECO characterizes Petitioner's interest as related to "the general rate case", which is not the intent. Petitioner's concern is related to DSM projects' use of data networks of the appropriate size and cost to meet stated goals. This is a technical issue that has cost implications further complicated by HECO's announced intention to enter the Internet business in the same time frame as the DSM programs are being implemented. In any case, it would be the place of the Consumer Advocate, and not HECO, to make such a presentation.

Note the Consumer Advocate's Statement of Position Regarding Completeness of the HECO Application, December 2, 2004. The appropriateness of a data network solely for the DSM projects has yet to be considered in the review of HECO's filings.

D. Movant Participation Could Unduly Delay The Proceedings And Unreasonably Broaden The Issue.

Petitioner has no intent or interest in delaying proceedings. Subject to addressing the question raised, Petitioner would understand the PUC's exercise of authority to reasonably proscribe participation which would delay the proceedings without contributing value or further insight.

E. Movant Has Not Specified The Relief Requested.

Petitioner acknowledges the original statement was not sufficiently direct. Given HECO's Memorandum, a restatement of the affirmative case and relief requested is offered below.

The issue presented by Petitioner is the need to identify “excessive investments” in a data network in support of DSM projects. Implementation of a new data network is clearly required to support the large number of DSM projects proposed by HECO. The selection of adequate technology at the lowest cost should be the objective. Low data transfer rates, albeit inadequate for an Internet service, are sufficient to manage all the proposed DSM programs.

The data network technologies proposed by HECO for each DSM program and costs over the period of the program should be identified. This information should already be available since HECO’s application is complete and conforms to statutory requirements. HECO should assist in identifying and summarizing costs. It is to be expected that planning parameters over the entire period of the DSM programs will be rough estimates, e.g. by quarter (1) the number of electric meters to be installed that are capable of being read electronically, (2) the number of industrial loads to be remotely controlled, (3) the number of water heaters and air conditioners to be remotely controlled. It is expected that network costs will be consistent with prevailing norms in the marketplace. With this context, Petitioner restates his affirmative case,

“Petitioner believes confirmation of DSM projects’ selection of appropriate network technologies, implementation schedules, and estimated costs should be shown to correspond to the stated goals of the projects.”

The Requested Relief, in the context of the above cost study, should then be restated as,

“In the event that HECO demonstrates that costs associated with the DSM required data network(s) are appropriate, no Commission action would be required. If in the future HECO should request PUC’s approval of its entry into Internet businesses, this information would still serve a purpose. It would clearly identify reasonable costs that HECO could accept for ‘equivalent services’ provided by the unregulated Internet business using HECO’s electric power lines. It would speed those proceedings.”

“In the event that HECO’s proposal includes inappropriate technologies, investments or costs, the Commission may consider adjusting rates, depending on its findings. Petitioner understands that the PUC would consider the Petitioner’s qualifications for raising issues and participating, and agrees to any requirements for written and/or verbal testimonies, as well as cross-examination, or whatever form of participation the PUC deems appropriate.”

For his part, Petitioner believes written inquiries to and responses from HECO should be adequate to develop information summarizing the plan and costs of the data network HECO is developing for its DSM programs.

II. CONCLUSION

Based on the foregoing clarifications, Petitioner respectfully requests that the Commission favorably consider his motion to participate.

DATED: Honolulu, Hawaii, February 9, 2005

Joseph Speroni

**BEFORE THE PUBLIC UTILITY 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

CERTIFICATE OF SERVICE

I hereby certify that the original and eight copies of the Motion to Participate of Joseph Speroni and two more copies of the same were, respectively, duly served on January 21, 2005 by mail, postage prepaid, and properly addressed to the following:

Carlito Caliboso (9) Chair Public Utilities Commission 465 S. King St. Suite 103 Honolulu, HI 96813	Acting Executive Director, John E. Cole (2) Department of Commerce and Consumer Affairs Division of Consumer Advocacy 335 Merchant Street Room 326 Honolulu, HI 96813
--	---

I hereby further certify that copies of said Motion to Participate were duly served on January 21, 2005 by mail, postage prepaid, one copy of the same addressed to each of the following:

Thomas W. Williams, Jr., Esq. (1) Peter Y. Kikuta., Esq. (1) Goodsill Anderson Quinn & Stifel Hawaiian Electric Company Alii Place, Suite 1800 1099 Alakea Street Honolulu, HI 96813	William A. Bonnet (1) Vice-President, Governmental and Community Affairs Hawaiian Electric Company Inc P.O. Box 2750 Honolulu, HI 96840-0001
Patsy Nananbu (1) Director - Regulatory Affairs Hawaiian Electric Company P.O. Box 2750 Honolulu, HI 96840-0001	

DATED: Honolulu, HI, February 9, 2005

Joseph Speroni