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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.	)	Docket No. 05-0069
	)	
For Approval and/or Modification of Demand-Side and Load Management Programs and Recovery of Program Costs and DSM Utility Incentives.	)	

THE GAS COMPANY, LLC'S

RESPONSES TO INFORMATION REQUESTS

AND

CERTIFICATE OF SERVICE

FILED
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PUBLIC UTILITIES COMMISSION

Steven P. Golden
The Gas Company, LLC
P.O. Box 3000
Honolulu, HI 96802-3000
808-535-5913

change to the market structure by which KIUC currently develops and administers its DSM programs, provided that, as recommended by HREA and agreed upon by KIUC, KIUC hire a DSM consultant and/or consult with a third party or fund administrator if and when appropriate.

Background:

- Under the current structure, KIUC, at its discretion, either conducts its own DSM/energy services programs or contracts it out to a third party as appropriate. During the meeting, KIUC stated that this structure best supports the cooperative model, whereby DSM could be integrated with other energy services offerings.
- KIUC also noted that it strives to provide a level of service to its members even higher than that allowed or established by the current DSM evaluation criteria, and as such, KIUC is currently implementing programs that go beyond simple cost effectiveness. Examples given were: (1) KIUC's current appliance rebate program, whereby KIUC pays a rebate to any member that purchases a qualifying energy efficient appliance, and (2) KIUC's current solar rebate and loan program whereby KIUC either pays rebates or provides (through third-party lending institutions) no-interest loans for the installation of solar water heating systems. In both examples, KIUC does not screen for cost effectiveness and the programs are funded by the program budget approved by KIUC's Board of Directors (who are elected directly by KIUC's customer/members to represent their interests).
- KIUC also noted that the direct install DSM programs offered by KIUC during the past 7 years have significantly penetrated the residential markets. As a result, the current remaining markets may be too small to overcome the fixed cost associated with a full-scale DSM-type program. KIUC stated that they believe that these small markets can best be served with energy efficiency programs that combine DSM programs with other energy service programs.
- KIUC also stated that the commercial programs are an integral part of its Commercial Enhanced Energy Services offering and Key Accounts program, through which solutions to commercial customer's high-energy costs are achieved through a mix of DSM-type measures

be. For the same reasons as Docket Issue No. 3, it is our understanding that the parties present agreed that this issue does not apply to a not-for-profit, member-owned cooperative such as KIUC.

Docket Issue No. 5: Whether DSM incentive mechanisms are appropriate to encourage the implementation of DSM programs, and, if so, what is the appropriate mechanism(s) for such DSM incentives?

Consensus: As it pertains to KIUC, the use of financial incentives to facilitate the pursuit of DSM programs are not applicable to KIUC. KIUC's ratepayers and shareholders are essentially one and the same, and as such, any financial incentive charged to the ratepayers to benefit the shareholders is essentially a charge that will be returned to the ratepayers (aka shareholders).

In addition, with respect to Docket Issue No. 1 (Whether energy efficiency goals should be established and if so, what the goals should be for the State), it is also KIUC's understanding that, during prior discussions amongst the parties, an agreement was also reached that energy efficiency goals should not be established, as it pertains specifically to KIUC.

Please confirm whether KIUC's understanding of the above consensus is correct, as they apply to KIUC. If not, please explain why KIUC's understanding is incorrect.

TGC Response: As pointed out, TGC believes that both KIUC and it have special circumstances that set them apart from the other energy utilities. TGC did participate in the informal settlement discussions and, as indicated on page 13 of its Statement of Position, is in agreement with the following statements:

- The entities administering and implementing DSM programs are entitled to recover the actual approved costs incurred.

- Revenue erosion and utility incentive issues do not apply to KIUC due to its structure as a co-op.

- Alternate market structures will not apply to KIUC, provided that KIUC hire a DSM consultant and/or consult with a third party DSM administrator (or fund administrator) if and when formed.

- A market structure should promote rather than restrict healthy competition amongst vendors and installers.

Other than as stated above, TGC cannot confirm the consensus of KIUC's information.

Sponsor/Witness: Keith Yoshida and Steven Golden

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document, together with this Certificate of Service, upon the following parties and participants, by causing a copy hereof to be hand delivered or mailed, postage prepaid, and properly addressed to each such party or participant.

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
335 Merchant Street, Room 326
Honolulu, HI 96813

WILLIAM A. BONNET
VICE PRESIDENT – GOVERNMENT AND COMMUNITY AFFAIRS
HAWAIIAN ELECTRIC COMPANY, INC.
P. O. Box 2750
Honolulu, HI 96840-0001

DEAN MATSUURA
DIRECTOR – REGULATORY AFFAIRS
HAWAIIAN ELECTRIC COMPANY, INC.
P. O. Box 2750
Honolulu, HI 96840-0001

ED REINHARDT
PRESIDENT
MAUI ELECTRIC COMPANY, LTD.
P. O. Box 398
Kahului, HI 96733-6898

WARREN LEE
PRESIDENT
HAWAII ELECTRIC LIGHT COMPANY, INC.
P. O. Box 1027
Hilo, HI 96721-1027

THOMAS W. WILLIAMS, JR., ESQ.
PETER Y. KIKUTA, ESQ.
GOODSILL ANDERSON QUINN & STIFEL
Alii Place, Suite 1800
1099 Alakea Street
Honolulu, HI 96813
Attorneys for HECO, HELCO, MECO

H. A. "DUTCH" ACHENBACH
PRESIDENT AND CEO
KAUAI ISLAND UTILITY COOPERATIVE
4463 Pahe`e Street
Lihue, HI 96766-2032

JOSEPH McCAWLEY
REGULATORY MANAGER
KAUAI ISLAND UTILITY COOPERATIVE
4463 Pahe`e Street
Lihue, HI 96766-2032

KENT D. MORIHARA, ESQ.
MORIHARA LAU & FONG
841 Bishop Street, Suite 400
Honolulu, HI 96813
Attorney for KIUC

DR. KAY DAVOODI
EFACHES
1322 Patterson Avenue, S.E.
Building 33, Floor 3
Room/Cube 33-3002
Washington, DC 20374

RANDALL Y. K. YOUNG, ESQ.
NAVAL FACILITIES ENGINEERING COMMAND PACIFIC
258 Makalapa Drive, Suite 100
Pearl Harbor, HI 96860-3134
Attorney for Department of Defense

E. KYLE DATTA
ROCKY MOUNTAIN INSTITUTE
P. O. Box 390303
Keauhou, HI 96739

CARL FREEDMAN
HAIKU DESIGN & ANALYSIS
4234 Hana Highway
Haiku, HI 96708
Consultant for Rocky Mountain Institute

RICHARD R. REED
PRESIDENT
HAWAII SOLAR ENERGY ASSOCIATION
c/o Inter-Island Solar Supply
761 Ahua Street
Honolulu, HI 96819

WARREN S. BOLLMEIER, II
PRESIDENT
HAWAII RENEWABLE ENERGY ALLIANCE
46-040 Konane Place, #3816
Kaneohe, HI 96744

HENRY Q CURTIS
VICE PRESIDENT FOR CONSUMER ISSUES
LIFE OF THE LAND
76 North King Street, Suite 203
Honolulu, HI 96817

CINDY Y. YOUNG, ESQ.
DEPARTMENT OF THE CORPORATION COUNSEL
COUNTY OF MAUI
200 South High Street
Wailuku, HI 96793
Attorney for the County of Maui

KAL KOBAYASHI
ENERGY COORDINATOR
DEPARTMENT OF MANAGEMENT
COUNTY OF MAUI
200 South High Street
Wailuku, HI 96793

LANI D. H. NAKAZAWA, ESQ.
LAUREL LOO, ESQ.
JAMES K. TAGUPA, ESQ.
OFFICE OF THE COUNTY ATTORNEY
COUNTY OF KAUAI
4444 Rice Street, Suite 220
Lihue, HI 96766-1300
Attorneys for the County of Kauai

DATED: Honolulu, Hawaii, July 12, 2006.