

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of )  
 )  
HAWAIIAN ELECTRIC COMPANY, INC. )  
 )  
For Approval and/or Modification of )  
Demand-Side and Load Management )  
Programs and Recovery of Program )  
Costs and DSM Utility Incentives. )  
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DOCKET NO. 05-0069

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PUBLIC UTILITIES  
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COUNTY OF KAUA'I'S  
POST-HEARING OPENING BRIEF

AND

CERTIFICATE OF SERVICE

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POST-HEARING OPENING BRIEF

By Order No. 21698, filed March 16, 2005, the Commission opened the statewide Energy Efficiency Docket.

By Order No. 22029, filed September 14, 2005, the Commission granted County of Kaua'i (hereinafter "COK") participant status to the Energy Efficiency Docket, but limited its participation solely to the issues dealing with statewide energy policies.

This post-hearing opening brief on behalf of the COK is filed pursuant to the procedural schedule established by the Commission, completion of the evidentiary panel hearings during the week of August 28, 2006 and the finalization and issuance of the hearing transcripts on September 27, 2006. The post-hearing opening brief submittal date is October 25, 2006.

**A. ARE STATEWIDE ENERGY EFFICIENCY GOALS APPROPRIATE?**

COK believes that statewide goals or a "one size fits all" approach are not appropriate for the state's utilities. Goals should be established on an island or County-

specific basis and should be established through the integrated resource planning (IRP) process, and subject to Commission review and approval.

The Kaua'i Island Utility Cooperative ("KIUC") is a non-profit, member-owned cooperative structure as opposed to an investor-owned utility, and this difference in management structure should be taken into account. Under the cooperative structure, all ratepayers are members, who elect directors to provide oversight and direction to utility management. KIUC has modified their IRP process to reflect this difference from an investor-owned utility. The COK strongly supports goal setting at the utility level for KIUC, since in principle, ratepayers/members participate in the goal setting process through their elected board.

***B. WHAT IS THE MOST APPROPRIATE MARKET STRUCTURE FOR KAUA'I FOR DEMAND-SIDE MANAGEMENT PROGRAMS?***

COK supports continuation of KIUC's provision of demand-side management programs on the island of Kaua'i as an integral part of KIUC's IRP process. COK recommends that the Commission exempt KIUC from any alternative market structure requirements.

All parties have indicated in their final statements of position (FSOP's), in replies to information requests or in oral testimony and replies presented at the evidentiary panel hearings that they support a status-quo, utility-only market structure for KIUC or take no position on the matter. KIUC, as a member-owned, non-profit cooperative does not have the inherent conflicts (between ratepayers and stockholders of an investor-owned utility) that may affect the delivery and effectiveness of demand-side management (DSM) programs. For example, due to KIUC's non-profit cooperative

structure, KIUC should not need shareholder incentives or the recovery of lost margins to actively pursue DSM programs.

**C. *AGGRESSIVE OR INNOVATIVE DSM PROGRAMS FOR CUSTOMERS***

COK has had direct involvement with commercial DSM programs through its Department of Public Works (Building Division) and its Department of Water. The County's experiences with KIUC's commercial DSM representatives have been outstanding. As a major ratepayer and member-owner of KIUC, COK expects KIUC to be proactive in promoting and encouraging energy efficiency and renewable energy while keeping costs as low as possible. We hope to continue working with KIUC as we do pilot projects such as testing of technologies such as power conditioners (e.g. ElectroFlow™).

KIUC has also indicated that it will be working with specialized organizations such as the Kaua'i Economic Opportunity and COK's Elderly Affairs agency to structure DSM programs for low income and low income elderly members. The COK wholeheartedly support these efforts to target underserved segments of the island population. The COK also plans to support KIUC's efforts with co-sponsorship and logistical assistance through various County agencies. Roll-out of the first such cooperative program is expected in 2007.

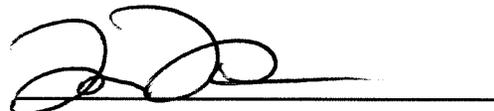
KIUC should be allowed to continue its aggressive pursuit of customer DSM programs. This is particularly true in the commercial sector, where market penetration has increased and DSM program efforts have yet to peak and are expected to yield good results due to good program administration, customer relations and a proven track record. KIUC's FSOP indicates it is in Stage 2 of this effort. In a small island

community, word-of-mouth recommendations are priceless and successful program recipients are quickly spreading KIUC's commercial DSM success stories.

**D. WHAT IF A THIRD PARTY ADMINISTRATOR IS ORDERED FOR ALL DSM PROGRAMS IN THE STATE, INCLUDING KIUC?**

If the Commission ultimately decides to order a third party administrator for all programs in the state, including KIUC's, the COK urges the Commission to allow the continuation of all IRP processes and programs in progress and implement the change in structure in the next scheduled IRP cycle. Any changes to administrative structures and DSM programs from the final decision and order resulting from this docket (05-0069) should not be addressed in the current IRP cycle, to minimize impacts to existing programs. The interim period should be used as a transition period to set up a workable system with adequate checks and balances.

DATED: Līhu'e, Kaua'i, Hawai'i, October 27, 2006.



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CERTIFICATE OF SERVICE

I hereby certify that I have this date served copies of the foregoing COUNTY OF KAUAI'S POST-HEARING OPENING BRIEF upon the following parties, by causing copies hereof to be mailed, postage prepaid, and properly addressed to each such party, as noted below:

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