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.	)	DOCKET NO. 05-0069

ORDER NO. 22319

Filed March 15, 2006

At 10 o'clock A .M.

Karen Higashi

Chief Clerk of the Commission

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.	Docket No. 05-0069 Order No. 22319

ORDER

By this Order, the commission amends the schedule of proceedings to allow the parties and participants to respond to the final written report that will be provided to the commission by the United States Environmental Protection Agency ("EPA"), and to grant the parties and participants additional time, until March 1, 2006, to informally exchange their Preliminary Statements of Position.

I.

Introduction

By Order No. 21698, filed on March 16, 2005, in Docket Nos. 04-0113 and 05-0069, the commission separated HAWAIIAN ELECTRIC COMPANY, INC.'S ("HECO") requests for approval and/or modification of demand-side and load management programs and recovery of program costs and demand-side management ("DSM") utility incentives from Docket No. 04-0113, and opened the instant docket in which to consider these matters. Order No. 21698 noted that the commission, through its membership

in the National Association of Regulatory Utility Commissioners, was selected by the EPA to participate in the newly formed EPA-State Energy Efficiency and Renewable Energy Projects.[1]

By Order No. 22251, filed on January 31, 2006, the commission approved the proposed prehearing order filed by HECO, which included a schedule of proceedings. The commission, however, advised in Order No. 22251 that it was working with the EPA and its consultants on this docket and that it may need to "amend the procedural schedule if necessary to accommodate the EPA's and its consultants' schedule."[2]

Subsequent to the approval of the schedule of proceedings, the commission learned that the EPA and its consultants had completed a review of HECO's interim DSM proposals and the parties' and participants' responses to HECO's interim DSM proposals, and could provide the commission with their comments.[3]

By letter dated February 14, 2006, HECO advised that the Hawaii Solar Energy Association ("HSEA") proposed a two-week extension, until March 1, 2006, for the parties and participants to informally exchange their Preliminary Statements of Position.

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[1]Order No. 21698, filed on March 16, 2005, at 11.

[2]Order No. 22251, filed on January 31, 2006, at 4 n.4.

[3]The EPA has identified The Cadmus Group, Inc. ("Cadmus") as its primary consultant. Cadmus, in turn, will use the services of Navigant Consulting, Inc. and RLW Analytics to assist it in providing consulting services to the EPA.

HECO stated that all of the parties and participants supported the proposed extension.[4]

II.

Discussion

A.

Inclusion of the EPA's Reports in the Schedule of Proceedings

Hawaii Administrative Rules ("HAR") § 6-61-37 provides that a prehearing order shall control the subsequent course of a hearing, unless modified by the commission at the hearing to prevent manifest injustice. Exhibit A to Order No. 22251 similarly stated that the stipulated prehearing order "shall control the subsequent course[] of the proceedings, unless modified at or prior to the hearings to prevent manifest injustice."[5]

The EPA, as a United States agency, tasked with the establishment and enforcement of environmental protection standards consistent with national environmental goals, the conduct of research on the adverse effects of pollution and the methods and equipment for controlling it, assisting others in arresting pollution of the environment, and assisting in developing and recommending new policies for the protection of the environment, can provide the commission with additional

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[4]See HECO's letter dated and filed on February 14, 2006 ("HECO's Letter").

[5]Exhibit A to Order No. 22251 at 14.

relevant information relating to energy efficiency, energy policies, and DSM programs used throughout the United States.[6]

Given the knowledge and expertise of the EPA, and the commission's selection by the EPA to participate in the newly formed EPA-State Energy Efficiency and Renewable Energy Projects, the commission will involve the EPA and its consultants in an advisory capacity in this docket. The commission, however, will not make the EPA or its consultants a party or a participant to this proceeding. As such, they will not provide testimony, will not be subject to cross-examination, and will not issue or respond to information requests. Instead, they will only advise the commission on the issues discussed in this proceeding.

The commission, however, recognizes that the EPA and its consultants do not have the same level of familiarity with the Hawaii energy market that the parties and participants possess. Therefore, in this particular instance under the specific facts and circumstances of this proceeding, the commission will amend the schedule of proceedings to allow the EPA and its consultants' final report to be reviewed and commented on by the parties and participants. This will allow

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[6]See Reorganization Plan No. 3 of 1970, *reprinted in* 5 U.S.C.A. app. 1 at 389 (1996).

the parties and participants to respond to the EPA and its' consultants' final report to the commission.[7]

Therefore, the commission finds it necessary to amend the schedule of proceedings to include the reports of the EPA and its consultants, and to allow the parties and participants an opportunity to comment on the EPA's final report. Accordingly, the commission amends the schedule of proceedings for this docket as set forth in Exhibit A to this Order.

B.

Extension of Time to Exchange Preliminary Statements of Position

HAR § 6-61-23(a)(1) provides the commission with the discretion, for good cause shown, to enlarge a period by which a required act must be completed, if a written request is made before the expiration of the period originally prescribed. By letter filed on February 14, 2006, prior to expiration of the extension period, HECO requested an extension of time on behalf of the parties and participants, citing HSEA's explanation as to the "high level of demand-side management program-related activity at the current Legislative session."[8] Based on the foregoing, the commission finds good cause in this instance to enlarge the deadline by which the parties and participants must exchange their Preliminary Statements of Position, grants their

[7]Any party may respond to the EPA's report on the interim proposal within ten days of the filing of this Order.

[8]See HECO's Letter at 1.

request for extension of time, and amends the schedule of proceedings, attached as Exhibit A to this Order, to reflect such additional time.

III.

Order

THE COMMISSION ORDERS that the schedule of proceedings for this docket is amended to:

1. Include the EPA and its consultants' reports and allow the parties and participants to respond to the EPA and its consultants' final report; and

2. Allow the parties and participants to informally exchange their Preliminary Statements of Position on March 1, 2006.

DONE at Honolulu, Hawaii MAR 15 2006.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By _____
Carlito P. Caliboso, Chairman

By (EXCUSED)
Wayne H. Kimura, Commissioner

By _____
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:

_____
Catherine P. Awakuni
Commission Counsel

05-0069.eh

SCHEDULE OF PROCEEDINGS

HECO Informal Submission of Interim DSM Proposals to parties/participants[1]	October 11, 2005
Technical Consultant Meeting[2]	November 2, 2005
Parties/Participants' Informal Comments on HECO's Interim DSM Proposals	November 18, 2005
HECO's Interim DSM Proposals filed with the Commission for interim approval	December 5, 2005
Parties/Participants' Responses to HECO's Interim DSM Proposals filed with the Commission	January 10, 2006
HECO's Reply to the parties / participants' Responses on HECO's Interim DSM Proposals filed with the Commission	January 31, 2006
Parties/Participants Informally Exchange Preliminary Statements of Position[3]	March 1, 2006
EPA's Analysis and Recommendations on HECO's Interim DSM Proposals	March 10, 2006

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[1] HECO will informally provide to the parties/participants its Interim DSM Proposals by October 11, 2005. The parties/participants may provide to HECO by November 18, 2005 informal comments on its Interim DSM Proposals. HECO's Interim DSM Proposals will be its proposed DSM initiatives pending the resolution of the Energy Efficiency Docket, such as modifications to its existing energy efficiency programs (e.g., changes in customer incentive levels and program budgets, modifications to customer payback period) and/or new DSM programs (e.g., CFLs for the residential sector). For the Interim DSM Proposals, HECO will request Commission approval for their implementation on an interim basis until a final decision and order is rendered by the Commission in the subject proceeding. The Interim DSM Proposals are being proposed at this time to help HECO address its reserve capacity margins shortfall situation.

[2] The intent of the Technical Consultant Meeting is to informally discuss issues such as statewide energy policy, HECO's Interim DSM Proposals, DSM program design and incentive mechanisms, and recent developments in DSM program regulation and implementation.

[3] By February 15, 2006, the parties/participants will provide informally to the other parties their respective preliminary statement of position ("SOP"). From February 16, 2006 through March 31, 2006, the parties/participants plan to engage in informal discussions in which information can be exchanged informally between the parties/participants so that their preliminary positions on the issues can be understood. During this timeframe the parties/participants will also attempt to reach agreement/partial agreement on the issues for Commission review and approval.

Commission decision on HECO's Interim DSM Proposals	To be determined by the Commission
Settlement Discussions Meeting[4]	Week of March 27, 2006
Simultaneous Final SOP[5] by the parties/participants filed with the Commission	April 13, 2006
Information Requests on Final SOPs filed with the Commission	May 5, 2006
Responses to Information Requests on Final SOPs filed with the Commission	May 26, 2006
EPA's Final Analysis and Recommendations[6]	June 19, 2006
Responses to EPA's Final Analysis by parties/participants filed with the Commission	July 10, 2006
Prehearing Conference	July 12, 2006
Panel Hearings	Week of July 24, 2006
Simultaneous Post-Hearing Opening Briefs filed with the Commission	4 weeks after transcripts
Simultaneous Post-Hearing Reply Briefs filed with the Commission	3 weeks after Opening Briefs

[4] The parties/participants will informally meet to discuss the statewide energy policy issues and the issues related to HECO's Proposed DSM Programs to attempt to reach agreement/partial agreement on the parties/participants' Final SOP. The date for the meeting will be determined by the parties/participants.

[5] The SOP is designated "Final" because the preliminary SOP is being provided informally to the parties/participants and is not being filed with the Commission.

[6] EPA and its consultants will provide analysis and recommendations on the statewide energy policy issues and HECO's proposed DSM programs, as set forth in the parties/participants' Final SOPs.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 22319 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

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