



November 22, 2004

Catherine P. Awakuni  
Commission Counsel  
Hawaii Public Utility Commission  
Department of Budget and Finance  
465 S. King Street Room 103  
Honolulu, Hawaii 96813

Dear Ms. Awakuni,

RMI wishes to file this clarification to its filed testimony on November 15<sup>th</sup>, 2003. The following errors occurred in the final document that was submitted to the Commission:

1. On page 30, paragraph two, the paragraph should be stricken and replaced with the following:

"In addition, one of the critical failures in traditional rate of return regulation is that the rate payer bears all the fuel price risk. The utilities in Hawaii have no incentive to manage fuel costs. Due to high oil prices, fuel and purchased power costs now account for nearly 50 % of total rates for some utilities. The total HEI fuel bill for electric power to the ratepayers of Hawaii was \$347 million in 2001 and we estimate that it could be over \$500 million in 2004. This \$150 million dollar increase in annual electric rates is just as important to manage as other utility rate increases. The overall impact to Hawaii of fuel prices for power and transportation on Hawaii's citizens from the 2004 fuel price rise vs. 2001 could ultimately be \$700 million."

We apologize for any inconvenience this error has caused the Commission or any other participants in this docket.

Sincerely,

Kyle Datta  
Managing Director