

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

-----In the Matter of-----)
PUBLIC UTILITIES COMMISSION)
Instituting a Proceeding to Review)
Hawaiian Electric Company, Inc.,)
Hawaii Electric Light Company, Inc.)
and Maui Electric Company, Ltd.'s)
Demand-Side Management Reports and)
Requests for Program Modifications)
_____)

DOCKET NO. 2007-0341

ORDER REGARDING HECO'S 2007
ENERGY SOLUTIONS FOR THE HOME PROGRAM BUDGET

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DIV. OF CONSUMER ADVOCACY
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
STATE OF HAWAII

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_____)

ORDER REGARDING HECO'S 2007
ENERGY SOLUTIONS FOR THE HOME PROGRAM BUDGET

By this Order, the commission grants HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO")¹ letter request, filed on December 28, 2007 ("HECO's December 28, 2007 letter"), as modified on March 12, 2008 ("HECO's March 12, 2008 letter") to increase HECO's 2007 budget for the Energy Solutions for the Home ("ESH") Program by \$274,383, from \$1,173,676 to \$1,448,059 (the actual amount expended in 2007).

¹HECO is a Hawaii corporation and a public utility as defined by Hawaii Revised Statutes § 269-1. HECO was initially organized under the laws of the Kingdom of Hawaii on or about October 13, 1891. HECO is engaged in the production, purchase, transmission, distribution, and sale of electricity on the island of Oahu in the State of Hawaii.

I.

Background

The ESH Program encourages residential customers to reduce their electricity consumption by adopting a variety of energy efficient end-uses in the home, including compact fluorescent lamps ("CFLs"), and Energy Star™ lighting, cooling, and other appliances.

By Decision and Order No. 23258, filed on February 13, 2007, in Docket No. 05-0069, the commission approved HECO's proposal of several demand-side management ("DSM") programs, including the ESH Program.

On August 29, 2007, HECO filed a letter requesting commission approval to increase the 2007 ESH Program's budget by \$970,000, from \$995,371 to \$1,965,371, in response to higher than forecasted customer participation in the program. By Decision and Order No. 23792, filed on October 30, 2007, in Docket No. 05-0069, the commission approved HECO's request to increase the 2007 program budget; however, limited to an increase of \$178,305, which raised the total budget from \$995,371 to \$1,173,676.

On December 28, 2007, HECO filed a letter request seeking a second increase of \$506,730, to raise the 2007 ESH budget from \$1,173,676 to \$1,680,406. HECO stated that, like the first request, the second budget increase request was due to "higher than forecasted customer participation in

the program."² HECO forecasted 11 MW of gross demand reduction and 59,763 MWh of energy savings for 2007.³ HECO did not provide any basis to support its revised estimated benefit-to-cost ratios for 2007.⁴

Based upon a review of the record, by Order No. 24032, filed on February 11, 2008, the commission suspended the approval process of HECO's December 28, 2007 letter request and permitted HECO to submit additional information in support of its request.⁵ On March 12, 2008, HECO filed a letter in which HECO reduced its prior request for an ESH Program budget increase to \$274,383, such that the total 2007 budget amount would be \$1,448,059; equivalent to the amount actually expended in 2007, and provided additional information regarding the ESH Program.

II.

Discussion

HECO's requested budget increase is largely for the customer incentive aspect of the ESH Program. In HECO's December 28, 2007 letter, it states, "[t]his increase in the budget will provide additional funding for customer incentives to allow HECO to continue to encourage

²Letter filed December 28, 2007, from HECO to the commission, at 1.

³See Letter filed December 28, 2007, from HECO to the commission at 2.

⁴Letter filed December 28, 2007, from HECO to the commission, at Exhibit A.

⁵See Order No. 24032, filed on February 11, 2008.

the installation of energy efficient ["CFLs"] and Energy Star[™] appliances without disrupting the progress achieved in the program."⁶ HECO "requests [c]ommission approval to recover the estimated cost of additional customer incentives of \$847,067 through the DSM surcharge component of the IRP Cost Recovery Provision."⁷ Under this request, the categories of the budget being increased are incentives (\$847,067 increase) and "outside services implementation" (\$2,569 increase).⁸ The other significant modification is the proposed decrease in "outside services evaluation" (\$152,204 decrease).⁹ The Consumer Advocate has not submitted any statement of position on this request.

By letter filed March 12, 2008, HECO reduced its December 28, 2007 increase request from \$506,730 to \$274,383.¹⁰ HECO states, "HECO's 2007 ESH Program expense totaled \$1,448,059, \$274,383 more than the approved budget of \$1,173,676. Since HECO now has actual 2007 ESH Program expenses (which it did not have for HECO's December 28, 2007 letter to the [c]ommission), [HECO] respectfully revises its budget increase request and

⁶Letter filed December 28, 2007, from HECO to the commission, at 1.

⁷Letter filed December 28, 2007, from HECO to the commission, at 1.

⁸See Letter filed December 28, 2007, from HECO to the commission, at Exhibit A.

⁹See Letter filed December 28, 2007, from HECO to the commission, at Exhibit A.

¹⁰See Letter filed March 12, 2008, from HECO to the commission, at 1.

requests [c]ommission approval of an increase in its ESH Program budget of \$274,383, for a total ESH Program budget of \$1,448,059."¹¹

Based on the foregoing, the commission approves HECO request to increase its 2007 ESH Program budget by \$274,383, from \$1,173,676 to \$1,448,059 (the actual amount expended in 2007). Also, as discussed in prior orders, the parties are informed that in future requests for budget increases, the utility is expected to submit each DSM program's benefit-to-cost ratios, and that the commission may consider revising the demand reduction and energy savings goals if budgets are increased.

III.

Orders

THE COMMISSION ORDERS:

HECO's 2007 ESH Program request to increase its 2007 budget by \$274,383, from \$1,173,676 to \$1,448,059, is granted.

¹¹Letter filed March 12, 2008, from HECO to the commission, at 1.

DONE at Honolulu, Hawaii SEP - 3 2008

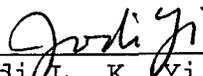
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By: 
Carlito P. Caliboso, Chairman

By: 
John E. Cole, Commissioner

By: 
Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:


Jodi L. K. Yi
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2007-0341.laa

CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail, postage prepaid, and properly addressed to the following parties:

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Certificate of Service

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