

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

---- In the Matter of ----)
)
KAUAI ISLAND UTILITY COOPERATIVE,)
(successor-in-interest to KAUAI)
ELECTRIC DIVISION OF CITIZENS)
UTILITIES COMPANY))
)
Regarding Integrated Resource)
Planning.)
_____)

DOCKET NO. 96-0266

ORDER NO. 22529

Filed June 13, 2006
At 1 o'clock P.M.

Karen Higashi.
Chief Clerk of the Commission

ATTEST: A True Copy
KAREN HIGASHI
Chief Clerk, Public Utilities
Commission, State of Hawaii.

K. Higashi.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

----- In the Matter of -----)
)
KAUAI ISLAND UTILITY COOPERATIVE,) Docket No. 96-0266
(successor-in-interest to KAUAI)
ELECTRIC DIVISION OF CITIZENS) Order No. 22529
UTILITIES COMPANY))
)
Regarding Integrated Resource)
Planning.)
_____)

ORDER

By this Order, the commission approves the Stipulation to Close Docket in Lieu of Evidentiary Hearings and Commission Action filed by KAUAI ISLAND UTILITY COOPERATIVE ("KIUC"), successor-in-interest to Kauai Electric ("KE"), a Division of Citizens Communications Company,¹ formerly known as Citizens Utilities Company, Kauai Electric Division, and the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate")²; and closes this docket.

¹In 2002, the commission approved the sale of KE's utility assets to KIUC in Decision and Order No. 19658, filed on September 17, 2002, as amended by Decision and Order No. 19755, filed on October 30, 2002, in Docket No. 02-0060.

²The Consumer Advocate is an ex-officio party to all proceedings before the commission. See Hawaii Revised Statutes § 269-51; Hawaii Administrative Rules § 6-61-62. KIUC and the Consumer Advocate (collectively, "Parties") are the only parties to this proceeding.

I.

Background

By Order No. 14864, filed on August 8, 1996, in Docket No. 96-0266, the commission commenced this proceeding to examine KE's integrated resource planning ("IRP") efforts in accordance with the IRP framework established in Decision and Order No. 11523, filed on March 12, 1992, as amended by Decision and Order No. 11630, filed on May 22, 1992, in Docket No. 6617 ("Docket No. 6617") ("IRP Framework"). In that order, the commission required KE to submit its new IRP and program implementation schedule ("Action Plans") for commission review and approval by April 1, 1997, consistent with the IRP Framework and the schedule established in Decision and Order No. 14026, filed on July 28, 1995, in Docket No. 7260.³ On April 1, 1997, KE filed its 1997 IRP (i.e., KIUC's 2nd IRP) and related Action Plans (collectively, "2nd IRP") in this docket. Subsequently, KE filed annual update reports to its 2nd IRP on July 31, 1998, and August 31, 1999.

By letter dated March 20, 2000, and filed on March 21, 2000, KE informed the commission of its intent to file another update report in August 2000 as opposed to filing its 3rd IRP, as required under the IRP Framework, due to the pending sale of KE's assets to KIUC ("March 21, 2000 Letter"). KE advised the commission that the Consumer Advocate did not object to its

³In Decision and Order No. 14026, the commission approved KIUC's 1st IRP and Action Plans and, among other things, established a schedule for the filing of KIUC's 2nd IRP and Action Plans, pursuant to Section III.B.2 of the IRP Framework.

proposal, and on May 4, 2000, the commission approved KE's plans as set forth in its March 21, 2000 Letter, and KE filed its 2000 IRP update report on August 7, 2000.

On March 15, 2002, KE and KIUC filed an application in Docket No. 02-0060 for commission approval of the sale of KE's utility assets to KIUC. On September 17, 2002, the commission issued Decision and Order No. 19658 approving, among other things, the sale of KE's assets to KIUC. In connection with the approval, the commission required KIUC to prepare and submit its proposed revised IRP and demand side management ("DSM") programs to the commission and the Consumer Advocate for review and consideration.

By letter dated October 17, 2003, KIUC sought commission approval to: (1) defer the filing deadline of KIUC's revised IRP and DSM programs for one year (until December 31, 2004); and (2) suspend the submittal of IRP and DSM filings required by or related to the existing IRP Framework until a revised framework could be prepared and approved by the commission. The commission granted KIUC's requests in Order No. 20957, filed on April 30, 2004, in Docket No. 02-0060 ("Order No. 20957"). On December 23, 2004, KIUC filed its proposed revisions to its existing IRP Framework.

By Order No. 21707, filed on March 24, 2005, the commission opened a proceeding to examine KIUC's proposal to revise its IRP Framework, which became a matter of Docket No. 05-0075. By Decision and Order No. 22490, filed on May 26, 2006, in Docket No. 05-0075 ("Decision and

Order No. 22490") the commission: (1) modified KIUC's IRP Framework, as detailed in the decision and order; (2) lifted the suspension of IRP and DSM filings required by or related to KIUC's existing IRP Framework as set forth in Docket No. 6617, which was approved in Order No. 20957; (3) stated that the commission would issue an order to commence an investigation of KIUC's IRP efforts in a new and separate proceeding; and (4) closed the docket.⁴

II.

Stipulation

On May 24, 2006, the Parties filed their Stipulation to Close Docket in Lieu of Evidentiary Hearings and Commission Action ("Stipulation") in this proceeding. In their Stipulation, the Parties recognize that: (1) significant developments have occurred since the filing of KIUC's 2nd IRP and Action Plans on April 1, 1997⁵; (2) the review in an IRP proceeding is intended to be forward looking; and (3) the five-year period covered by KIUC's 2nd IRP (i.e., from 1997 through 2001) has already concluded. Among other things, the Parties agree:

⁴See Decision and Order No. 22490 at 10.

⁵Specifically, the Parties refer to: (1) the commission's proceeding to investigate distributed generation, a matter of Docket No. 03-0371; (2) the commission's proceeding to investigate competitive bidding for new generating capacity in Hawaii, a matter of Docket No. 03-0372; and (3) the passage of Act 95 by the 2004 Legislature establishing, among other things, renewable portfolio standards that each electric utility in Hawaii must satisfy by the year 2020. See Stipulation at 5.

1. To "not request additional procedural steps such as evidentiary hearings and/or [c]ommission approval of KIUC's 2nd IRP in this proceeding, as required by the IRP Framework (Section II.D), and thus request that KIUC's 2nd IRP be accepted for informational purposes and that this docket be closed;"⁶
2. That commission approval of the specific proposed actions set forth in KIUC's 2nd IRP may be inapplicable and moot for implementation purposes, at this time, since the five-year period (from 1997 to 2001) covered by KIUC's Action Plans filed with its 2nd IRP have already expired;
3. That due to the passage of time, the data, input from KIUC's advisory group, forecasts, assumptions and other information relied upon in developing and preparing KIUC's 2nd IRP may no longer be applicable or accurate for consideration;
4. That concerns, if any, related to KIUC's 2nd IRP may be revisited and/or addressed in KIUC's upcoming 3rd IRP cycle to be opened by the commission in a separate proceeding;
5. That KIUC's 2nd IRP and Action Plans are sufficient to meet KIUC's responsibilities under Sections II.C.1 and II.C.2 of the IRP Framework "and, to the extent necessary, are willing to waive the [c]ommission's responsibilities set forth under Section II.D including, without limitation, holding evidentiary hearings in this proceeding and issuing a decision and order approving, rejecting, or modifying [KIUC's] 2nd IRP and Action Plans in their entirety or in part;"⁷ and
6. That "rather than expend time and resources in this proceeding, the Parties should direct such time and resources to the development of [KIUC's] 3rd IRP and Action Plans, which will be filed with the [c]ommission subsequent to the issuance of an order by the [c]ommission opening a new docket, pursuant to Section III.C of the IRP Framework, to commence the next integrated resource planning cycle" for KIUC, unless ordered otherwise.⁸

⁶Id. at 6.

⁷Id. at 7.

⁸Id. at 7-8 (footnote deleted).

Having reviewed the record of this proceeding, the commission finds the Parties' Stipulation to be reasonable. Specifically, under the unique facts and circumstances of this case, the Parties' agreement requesting that KIUC's 2nd IRP be accepted for informational purposes and that this docket be closed, as set forth in the Stipulation,⁹ is appropriate. As noted by the Parties, review of IRP proceedings is intended to be forward looking and since the five-year period covered by KIUC's Action Plans filed with its 2nd IRP (i.e., a period from 1997 through 2001) has already lapsed, commission review of KIUC's 2nd IRP, at this juncture, may be inapplicable and unnecessary for implementation purposes. The Parties' agreement to address any concerns, if any, related to its 2nd IRP during its 3rd IRP cycle and their decision to utilize updated forecasts and planning assumptions supporting KIUC's 2nd IRP in developing KIUC's 3rd IRP appears to be reasonable and sound.

Based on the foregoing, the commission concludes that the Parties' Stipulation should be approved, and that this docket should be closed.

III.

Orders

THE COMMISSION ORDERS:

1. The Parties' Stipulation filed on May 24, 2006, is approved. By this approval, the commission also approves the Parties' waiver of the requirements set forth in Section II.D of


⁹Id. at 6.

the IRP Framework, as modified by Decision and Order No. 22490, as necessary and applicable.

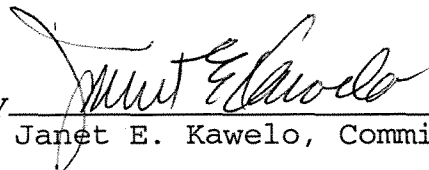
2. This docket is closed unless ordered otherwise by the commission.

DONE at Honolulu, Hawaii JUN 13 2006.

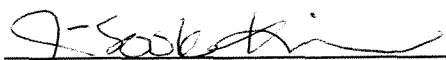
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By (EXCUSED)
Wayne H. Kimura, Commissioner

By 
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:


Ji Sook Kim
Commission Counsel

96-0266.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 22529 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

JOHN E. COLE
EXECUTIVE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
P. O. Box 541
Honolulu, HI 96809

DUTCH ACHENBACH
PRESIDENT AND CHIEF EXECUTIVE OFFICER
KAUAI ISLAND UTILITY COOPERATIVE
4463 Pahe'e Street
Lihue, HI 96766-2032

JOSEPH McCAWLEY
MICHAEL YAMANE
KAUAI ISLAND UTILITY COOPERATIVE
4463 Pahe'e Street
Lihue, HI 96766-2032

KENT D. MORIHARA, ESQ.
MICHAEL H. LAU, ESQ.
MORIHARA LAU & FONG LLP
Davies Pacific Center
841 Bishop Street, Suite 400
Honolulu, HI 96813

Attorneys for KAUAI ISLAND UTILITY COOPERATIVE



Karen Higashi

DATED: JUN 13 2006