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PUBLIC UTILITIES COMMISSION

DIVISION OF CONSUMER ADVOCACY
Department of Commerce and
Consumer Affairs
335 Merchant Street, Room 326
Honolulu, Hawaii 96813
Telephone: (808) 586-2800

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAII

In the Matter of	)	
	)	
PUBLIC UTILITIES COMMISSION	)	DOCKET NO. 2009-0108
	)	
Instituting a Proceeding to Investigate	)	
Proposed Amendments to the Framework	)	
for Integrated Resource Planning.	)	

DIVISION OF CONSUMER ADVOCACY'S INFORMATION REQUESTS TO HECO COMPANIES ("HECO"), DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM ("DBEDT"), AND HAIKU DESIGN AND ANALYSIS ("HDA")

Pursuant to the Order Approving the Stipulated Procedural Order, as Modified filed on September 23, 2009, the Division of Consumer Advocacy submits its **INFORMATION REQUESTS TO HECO, DBEDT, AND HDA** in the above docketed matter.

DATED: Honolulu, Hawaii, November 10, 2009.

Respectfully submitted,

By Catherine P. Awakuni
CATHERINE P. AWAKUNI
Executive Director

DIVISION OF CONSUMER ADVOCACY

DOCKET NO. 2009-0108

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DIVISION OF CONSUMER ADVOCACY'S INFORMATION REQUESTS TO HECO, DBEDT, AND HDA

INSTRUCTIONS

In order to expedite and facilitate the Consumer Advocate's review and analysis in the above matter, the following is requested:

1. For each response, the Company should identify the person who is responsible for preparing the response as well as the witness who will be responsible for sponsoring the response should there be an evidentiary hearing;
2. Unless otherwise specifically requested, for applicable schedules or workpapers, the Company should provide hard copies of each schedule or workpaper together with one copy of each such schedule or workpaper on electronic media in a mutually agreeable format (e.g., Excel and Quattro Pro, to name two examples); and
3. When an information request makes reference to specific documentation used by the Company to support its response, it is not intended that the response be limited to just the specific document referenced in the request. The response should include any non-privileged memoranda, internal or external studies, assumptions, Company instructions, or any other relevant authoritative source which the Company used.
4. Should the Company claim that any information is not discoverable for any reason:

a. State all claimed privileges and objections to disclosure;

b. State all facts and reasons supporting each claimed privilege and objection;

c. State under what conditions the Company is willing to permit disclosure to the Consumer Advocate (e.g., protective agreement, review at business offices, etc.); and

d. If the Company claims that a written document or electronic file is not discoverable, besides complying with subparagraphs 4(a-c), identify each document or electronic file, or portions thereof, that the Company claims are privileged or will not be disclosed, including the title or subject matter, the date, the author(s) and the addressee(s).

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DIVISION OF CONSUMER ADVOCACY'S INFORMATION REQUESTS TO HECO

CA/HECO-IR-1 **Ref: Planning Process.**

a. Please provide the Companies' definition and description of what would comprise a "scenario."

b. Please discuss how many scenarios might be developed for each action plan to be submitted for Commission review and/or approval.

1. Please discuss the basis for the Companies' preferred number, or range, of scenarios that would be submitted with each action plan.

2. Please identify potential factors that would affect the number of scenarios that the Companies would conduct and be willing to conduct.

c. Based on the assumption that each scenario will be conducted on a "high level" basis, please estimate the number of labor hours that may be projected or required for the first scenario and, separately, all subsequent scenarios. Please provide the support, assumptions and workpapers used to determine the response.

1. For this question, the Consumer Advocate assumes that the first scenario might require the greatest

number of hours to establish certain base assumptions and inputs. The development of subsequent scenarios would then require somewhat less time. Please discuss the reasonableness of this assumption.

2. If each scenario will require approximately the same amount of time, please discuss reasons why, if not already provided in response elsewhere.

3. Based on the responses provided, please provide the estimated labor costs associated with developing the first scenario and, separately, subsequent scenarios. Please identify labor and non-labor costs separately.

d. If, during the period in which an action plan was supposed to be effective, new information or a new development occurs (e.g., the price of a particular renewable energy technology significantly increases or decreases from the initially used range of values in a scenario(s), please discuss whether it would be reasonable to develop a process to review the additional scenario or scenarios between formal action plans.

e. If it is assumed that each scenario is conducted on a more detailed basis, please discuss how this would affect the Companies' response to part (c) of this information request.

CA/HECO-IR-2 **Ref: Planning Process.**

a. Based on the assumption that there would be a possible range of scenarios that would support the development of an action plan, please provide a comprehensive discussion of how the Companies envision culling or selecting the various inputs or analyses from the various scenarios to develop a single action plan.

1. Please provide a description and discussion of the Companies' envisioned process to develop an action plan using hypothetical scenarios. In other words, please provide a "mock-up" action plan that was developed using certain fictional scenarios and provide the discussion of how the Companies developed its action plan using various elements from different scenarios.

2. If not readily evident in the Companies' response, please discuss how cost effectiveness and cost benefit analyses are considered at the following possible levels within CESP planning:

   (a) the cost effectiveness on a resource level;

   (b) the cost effectiveness on a scenario level; and

   (c) the cost effectiveness for an action plan.

b. The Consumer Advocate was assuming that the action plan for CESP, unlike IRP, would be more fluid and dynamic. That is, a company's actions might vary depending on various events and circumstances that might prevail at the time of a decision point. For purposes of this information request, reference to a decision point represents a point in time where a utility company must decide what type of resource and action it will pursue as the preferred option. Please discuss this assumption.

1. If this assumption is incorrect and the Companies do not envision that CESP would be that fluid and dynamic, please provide a detailed discussion of the value associated with developing various scenarios that would <u>not</u> serve as a portfolio of choices that could be selected from to meet a particular need at a decision point.

2. If the assumption is incorrect and if not already discussed, please discuss whether the Companies envision the CESP to be more prescriptive, similar to how most parties initially envisioned the IRP process to be, where any deviation from the action plan, whether approved or accepted by the Commission,

would be met with significant concern and/or opposition.

c. Based on the assumption that a company's decisions may vary from the action plan initially developed and submitted, please discuss whether the Company considered the need to revisit and redevelop a new action plan as part of the support that the company would provide to the Commission to justify the decision to pursue that particular alternative, if different from the initially developed action plan.

1. If not, please explain why a new action plan, that clearly illustrates certain key factors (e.g., how the selected alternative fits into the current system, how it meets the stated objective, how it supports Hawaii's energy future, etc.), would not be necessary.

2. If the assumption is that a new action plan would be developed, please confirm that the factors used to develop the action plan would be selected from the initially developed scenarios or by a new scenario that would reflect new information or assumptions.

3. Please provide a description and discussion of the Companies' envisioned process to develop and/or incorporate any new action plan(s) using hypothetical scenarios. In other words, please provide a

"mock-up" action plan that was developed using certain fictional scenarios and provide the discussion of how the Companies developed its action plan using various elements from different scenarios.

d. If the assumption set forth in part c. does not comport with the Companies' vision of CESP, please provide a detailed discussion of how the Companies intend to pursue a hypothetical resource if it deviates from the initially developed action plan.

CA/HECO-IR-3 **Ref: Planning Process.**

a. Please confirm that when the Companies submit any type of non-CESP application, including, but not limited to General Order No. 7, pilot load control, purchased power contract, etc., that application will be accompanied by a discussion that clearly discusses the nexus between the requested relief and the action plan initially developed or, if applicable, a modified action plan.

b. If the Companies do not intend to provide a discussion that clearly discusses the nexus between non-CESP applications and the action plan, please explain why not.

CA/HECO-IR-4 **Ref: Planning Process.**

Earlier the Consumer Advocate inquired about how scenarios might be evaluated and asked questions about cost effectiveness.

a. Please identify the tests or analyses that the Companies intend to rely upon to evaluate cost effectiveness.

b. If there are any tests or analyses which are new, as compared to the IRP process, please discuss why these tests or analyses should be used for CESP.

c. If there are any tests or analyses which the Companies plan to cease relying upon, please explain why these tests or analyses should be excluded or eliminated.

CA/HECO-IR-5 **Ref: Planning Process.**

It was the Consumer Advocate's understanding that the competitive bid docket would essentially create the need for a placeholder in the planning process. That is, if there is a perceived need for a resource, the utility company might identify the need for a resource that might be somewhat general at certain times, and more specific at others. Upon which, interested vendors could submit bids to fill that need. For instance, the Company might identify a 10 MW (non-firm) need to be met in 2012 and interested vendors could submit bids consisting of a range of options such as: firm

renewable, firm fossil, non-firm renewable, load control, energy efficiency, and any other feasible option.

a. Based upon the above understanding, please generally discuss how the costs associated with the identified need would be translated into a monetary metric to evaluate the cost effectiveness of a scenario and action plan.

b. The Consumer Advocate understands that the upfront capital expenditures and stream of ongoing expenses vary from resource to resource. Based on that understanding, if not already discussed, please discuss how the Companies' envision the ability to evaluate cost effectiveness with reasonable accuracy for an identified need, but not necessarily a specific resource.

CA/HECO-IR-6 **Ref: Planning Process.**

Please discuss how the Company intends to calculate and evaluate avoided costs, both for short- and long-term purposes, in future analyses.

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DIVISION OF CONSUMER ADVOCACY'S INFORMATION REQUESTS TO DBEDT

CA/DBEDT-IR-1 **Ref: Planning Process.**

a. As a signatory to the Energy Agreement, please provide DBEDT's envisioned definition, understanding and description of what would comprise a "scenario."

b. Please provide DBEDT's vision as to how the scenarios would be used to develop the action plan.

CA/DBEDT-IR-2 **Ref: Planning Process.**

a. One assumed benefit of CESP, as compared to the IRP process was the flexibility that might be possible, whereas IRP was generally viewed as somewhat prescriptive. In its preliminary statement of position, DBEDT contends that the framework should include provisions on requirements for utility compliance with the framework. Please confirm that DBEDT does not intend that strict compliance with an action plan should be enforced.

1. If DBEDT is advocating strict compliance with an action plan, please discuss whether this position is inconsistent with one of the potential benefits with CESP.

2. If DBEDT does intend to indicate that compliance with the framework to be developed should be required (as compared to the action plan), please discuss whether there were concerns with deviations from the IRP framework. If so, please describe the basis for those concerns.

b. If, during the period in which an action plan was supposed to be effective, new information or a new development occurs (e.g., the price of a particular renewable energy technology significantly increases or decreases from the initially used range of values in a scenario(s)), please discuss whether DBEDT agrees that the utility company should develop an additional scenario or scenarios between formal action plans in order to incorporate any such new development(s).

CA/DBEDT-IR-3 **Ref: Planning Process.**

a. Based on the assumption that there would be a possible range of scenarios that would support the development of an action plan, please provide a discussion of how DBEDT envisions how the Companies should cull or select the various inputs or analyses from the various scenarios to develop a single action plan.

1. Please confirm that it is not DBEDT's contention that the action plan would basically adopt all elements and relationships within a single scenario, which would be generally similar to how the action plan was developed under the IRP process.

b. DBEDT has recommended that a cost-benefit analysis must be conducted for each scenario. DBEDT's recommendation is that the cost-benefit analysis should not be done on a facility by facility basis, which would not represent a comprehensive and integrated assessment.

1. Based on the assumption that scenarios will be developed on a high level basis and that certain elements would be selected from various scenarios, please discuss what value might be gained from cost-benefit analyses on each scenario.

2. Assuming that the action plan will represent a compilation of various supply-side and demand-side resources from different scenarios, please discuss whether cost benefit analyses on a facility or resource basis might hold some value in justifying the inclusion or exclusion from the action plan.

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DIVISION OF CONSUMER ADVOCACY'S INFORMATION REQUESTS TO HDA

CA/HDA-IR-1 **Ref: Planning Process.**

a. HDA discusses the need to rely upon the competitive bid process to identify the resource or block of resource that will be required.

1. Please discuss how HDA envisions a utility company might identify the relevant cost inputs associated with an identified need, but no specific resource. To explain, if a utility company identifies a need for firm/non-firm 10MW unit, and that need could be filled by firm v. non-firm, fossil v. non-fossil, and supply-side v demand-side, please discuss how the cost would be calculated. Please provide copies of examples.

2. If HDA envisions a different process that incorporates the need and results of the competitive bidding process in the CESP process, please provide that discussion.

b. HDA also discusses the determination of short- and long-term avoided costs. Please discuss how HDA

envisions how short- and long-term avoided costs will be calculated. Please provide examples of each.

CA/HDA-IR-2 **Ref: Planning Process.**

Please provide HDA's envisioned definition and description of what would comprise a "scenario."

CA/HDA-IR-3 **Ref: Planning Process.**

a. Based on the assumption that there would be a possible range of scenarios that would support the development of an action plan, please provide a discussion of how HDA envisions how the Companies should cull or select the various inputs or analyses from the various scenarios to develop a single action plan.

b. If not already discussed, please discuss how the evaluation of cost effectiveness is considered when selecting various resources or alternatives from different scenarios to develop an action plan.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **DIVISION OF CONSUMER ADVOCACY'S INFORMATION REQUESTS TO HECO, DBEDT, AND HDA** was duly served upon the following parties, by personal service, hand delivery, and/or U.S. mail, postage prepaid, and properly addressed pursuant to HAR § 6-61-21(d).

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