

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
HAWAII ELECTRIC LIGHT COMPANY, INC.)
For Approval of General Rate Case)
and Revised Rate Schedules and)
Rules)
_____)

DOCKET NO. 2015-0170

ORDER NO. 33342

GRANTING HAWAII ELECTRIC LIGHT COMPANY, INC.'S
MOTION TO EXTEND DATE TO FILE RATE CASE AND
FOR APPROVAL OF TEST PERIOD WAIVER

AND

DISSENT OF RANDALL Y. IWASE, COMMISSION CHAIR

PUBLIC UTILITIES
COMMISSION

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FILED

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OF THE STATE OF HAWAII

In the Matter of the Application of)

HAWAII ELECTRIC LIGHT COMPANY, INC.)

For Approval of General Rate Case)
and Revised Rate Schedules and)
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Docket No. 2015-0170

Order No. **33342**

GRANTING HAWAII ELECTRIC LIGHT COMPANY, INC.'S
MOTION TO EXTEND DATE TO FILE RATE CASE AND
FOR APPROVAL OF TEST PERIOD WAIVER

By this Order, the commission grants HAWAII ELECTRIC LIGHT COMPANY, INC.'s ("HELCO") "Motion to Extend Date to File Rate Case and For Approval of Test Period Waiver" ("Motion").¹ This extension will benefit HELCO's ratepayers as set forth in this Order. In support of this Order, the commission states as follows.

¹"Hawaii Electric Light Company, Inc.'s Notice Of Intent; Motion To Extend Date To File Rate Case And For Approval Of Test Period Waiver; Affidavit Of Joseph P. Viola; and Certificate Of Service," filed on June 17, 2015.

The Parties to this docket are HAWAII ELECTRIC LIGHT COMPANY, INC. ("HELCO") and the DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF CONSUMER ADVOCACY ("Consumer Advocate"), an ex officio party to this proceeding, pursuant to Hawaii Revised Statutes § 269-51 and Hawaii Administrative Rules ("HAR") § 6-61-62(a).

I.

Background

A.

HELCO's Motion

In its Motion, HELCO requests that the commission grant an extension of the date by which HELCO must file its next rate case application from the end of 2015, to no later than December 30, 2016,² and waive the requirements of HAR § 6-61-87(4) to allow HELCO to utilize a 2016 calendar year test period.³ While HELCO acknowledges that "[t]he next rate case in the triennial rate case cycle would be [HELCO's] 2016 test year rate case, to be filed in 2015,"⁴ it states that extending the filing

²Motion at 3-6.

³Motion at 6-8. HAR § 6-61-87(4) otherwise requires that a utility's test year "shall be a forward test year," and states that "[i]f an application is filed within the first six months of any year, the test year shall be from July 1 of the same year through June 30 of the following year," and "[i]f an application is filed within the last six months of any year, the test year shall be from January 1 through December 31 of the following year." HAR § 6-61-87(4) (A) - (B).

⁴Motion at 3 (emphasis added). In Docket No. 2008-0274, the commission required the Hawaiian Electric Companies (Hawaiian Electric Company, Inc. ("HECO"), Maui Electric Company, Ltd. ("MECO"), and HELCO (collectively, "the HECO Companies")), to "file staggered rate cases every three years, unless otherwise ordered by the commission..." Docket No. 2008-0274, Final Decision and Order and Dissenting Opinion of Leslie H. Kondo, Commissioner, filed on August 31, 2010, at 129 ("August 31, 2010 Order"). HELCO's last application for approval of rate increases and revised rate schedules and rules was filed in 2012. Docket No. 2012-0099, In the Matter of the Application of Hawaii Electric Light Company,

date would bring clarity to HELCO's financial and operational needs, should the commission rule on other pending energy policy dockets in which the "future direction of the [HECO] Companies will be addressed and perhaps even resolved during the period of requested extension."⁵

HELCO states that it has "embarked on a series of initiatives to transform how the [HECO] Companies operate", in conjunction with the HECO Companies.⁶ HELCO further states that, at this time, the "impact[s]... of the [HECO] Companies transformational initiatives are not fully known".⁷ HELCO suggests that extending the rate case filing date would enable it to include corporate transformation initiatives into the test year revenue requirements.

Inc. for Approval of Rate Increases and Revised Rate Schedules and Rules, filed on August 16, 2012. This rate case filing sought to utilize a 2013 calendar test year, but on March 8, 2013, the commission suspended the proceeding and allowed HELCO to withdraw its pending application pursuant to a Stipulated Settlement between the HECO Companies and the Consumer Advocate, and the docket was closed on March 27, 2013. Docket No. 2012-0099, Order No. 31133, filed on March 27, 2013.

⁵Motion at 6. These include proceedings such as Docket Nos. 2014-0183 (HELCO's Power Supply Improvement Plan), 2014-0192 (Distributed Energy Resources), 2007-0341 (HECO Companies' Integrated Demand Response Portfolio Plan), and 2013-0141 (Decoupling Investigation). Id. at 5-6.

⁶Motion at 6.

⁷Motion at 6.

HELCO also cites the prospect of a moratorium on rate increases subject to the outcome of Docket No. 2015-0022,⁸ and submits that "it is reasonable to defer its filing of a 2016 test year rate case until such time as a decision and order on the Change of Control Application in the Merger Docket may be issued," because HELCO "could avoid potentially unnecessary expenditure of valuable time and resources for all concerned[.]"⁹ HELCO contends that it "understands and agrees that, if the Commission were to approve this present motion, it would in no way be considered any indication whatsoever of the Commission's views on any issue in the Merger Docket, including on the Proposed Rate Case Moratorium."¹⁰

HELCO also contends that a waiver from HAR § 6-61-87(4)'s requirement that HELCO use a forward test year "is warranted because not allowing the use of a 2016 test year under the present

⁸In Docket No. 2015-0022, the HECO Companies filed a request for commission approval of a change of control from Hawaiian Electric Industries, Inc. ("HEI") to Hawaiian Electric Holdings, a wholly owned subsidiary of NextEra Energy, Inc., which is currently pending. HELCO asserts that as a part of the HECO Companies' change of control application, NextEra Energy has "committed that, subject to certain qualifications, for at least four years following the closing of the proposed change of control, the [HECO] Companies will not submit any applications seeking a general base rate increase ("Proposed Rate Case Moratorium")." Motion at 4.

⁹Motion at 4.

¹⁰Motion at 5.

unique circumstances would impose a financial hardship and be unjust and unreasonable."¹¹ It asserts that this is because its last general rate case, "which the Company withdrew subject to the Stipulated Settlement[,]" used a 2013 calendar test year, "and the next general rate case in the three-year general rate case cycle should use a 2016 test year,"¹² and cites previous instances where the commission has approved a waiver from HAR § 6-61-87(4)'s test year requirements.¹³

HELCO also submitted the affidavit of Joseph P. Viola, HELCO's Vice President, in support of its Motion, which states that using a 2016 calendar test year "would allow for more certainty in [HELCO's] financial requirements for 2016," and "will facilitate presentation and analysis of the test year estimates, and should help avoid unnecessary controversy and potential delay in concluding this case."¹⁴

¹¹Motion at 7.

¹²Motion at 7.

¹³Motion at 8.

¹⁴Motion, Affidavit of Joseph. P. Viola, at 3-4.

B.

Consumer Advocate's Response to HELCO's Motion

On June 24, 2015, the Consumer Advocate filed its response to HELCO's Motion ("CA Response").¹⁵ The Consumer Advocate briefly discussed the history of the HECO Companies' rate case filings subsequent to the August 31, 2010 Order.¹⁶ The Consumer Advocate then noted that "business and operations for the [HECO] Companies are currently subject to significant change as a result of the [c]ommission's directives contained in its four orders issued on April 28, 2014," wherein "the [c]ommission directed the [HECO] Companies to transform their businesses, modernize the electric systems and integrate substantial amounts of variable renewable energy while reducing customer's electric bills,"¹⁷ and expressed its concerns about allocating the Consumer Advocate's "resources towards a rate increase application

¹⁵"Division Of Consumer Advocacy's Response To Hawaii Electric Light Company, Inc.'s Motion To Extend Date To File Rate Case And For Approval Of Test Period Waiver," filed on June 24, 2015.

¹⁶CA Response at 2. The Consumer Advocate also restates its request for the commission's guidance on procedural issues in Docket Nos. 2013-0373, HECO's abbreviated rate case filing, and 2014-0318, MECO's abbreviated rate case filing, "to clarify the necessary actions that should follow in order that the Consumer Advocate would be able to proceed as appropriate to best serve the consumers' interests." Id.

¹⁷CA Response at 4.

when the underlying assumptions may dramatically change during the rate case proceedings as a result of the other proceedings."¹⁸

Citing "the combination of the 'abbreviated rate case filings', the proposed acquisition of the [HECO] Companies, the Proposed Rate Case Moratorium, and other pending regulatory matters," the Consumer Advocate further states that "the next appropriate procedural step is not evident," and that "[t]he breadth and scope of ongoing regulatory analyses are stretching the Consumer Advocate's ability to adequately allocate its resources."¹⁹

As a result, the Consumer Advocate asserts that allowing HELCO an extension until the end of 2016 to file its general rate case would be reasonable,²⁰ and "supports [HELCO's] Motion and recommends approval of [HELCO's] request to extend the date to file its general rate case increase [to] December 30, 2016, and use a calendar year 2016 test period."²¹

¹⁸CA Response at 5.

¹⁹CA Response at 6.

²⁰CA Response at 6.

²¹CA Response at 6. The commission notes that while the Consumer Advocate refers to HELCO's "request to extend the date to file its general rate case increase," on page 6 of its Response (emphasis added), the commission does not make any assumptions about the content of HELCO's future rate case filings or the filings' effect on base rates.

II.

Findings and Conclusions

A.

Extension of Rate Case Filing Date

1. For the reasons set forth below, based upon a review of the entire record and the submissions of the parties, the commission grants HELCO's Motion to extend the time for it to file its rate case from the end of 2015, to December 30, 2016. Pursuant to the authority preserved in the August 31, 2010 Order, which mandated that the HECO Companies filed staggered rate cases every three years, "unless otherwise ordered by the commission,"²² the commission approves HELCO's request to deviate from the triennial rate case filing requirement and file its rate case by December 30, 2016, instead of by the end of 2015.

2. This filing extension will benefit HELCO's ratepayers, as more fully explained below.

3. To begin, despite HELCO's assertions in its Motion that filing a rate case before the end of 2015 may "result in [] rate case efforts having been unnecessary"²³ due to the outcome of the proceedings in Docket No. 2015-0022, the commission reiterates its statement that "unless and until the proposed acquisition

²²August 31, 2010 Order at 129.

²³Motion at 5.

[at issue in Docket No. 2015-0022] is approved by the commission, it is incumbent upon the HECO Companies to operate as stand-alone entities."²⁴ The commission emphasizes that the Companies' change of control application and any proposed moratorium on the Companies' rate case filings under consideration in Docket No. 2015-0022 are distinct and separate matters from the present docket, and have absolutely no bearing on the commission's approval of HELCO's requested filing extension.

4. The commission finds that in light of the Consumer Advocate's statements that "[t]he breadth and scope of ongoing regulatory analyses are stretching the Consumer Advocate's ability to adequately allocate its resources," an extension of time to allow HELCO to file its next rate case by December 30, 2016, instead of at the end of 2015, would provide the Consumer Advocate with necessary, additional time to give thorough consideration to HELCO's next rate case filing.

5. Furthermore, this filing delay will provide HELCO with the opportunity to use the additional time to ensure that its future revenue requirements reflect HELCO's concerted efforts to

²⁴See In the Matter of Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Limited's Letter Request for Expedited Approval to Issue Unsecured Obligations, Guarantees and Authorization to Enter into Related Agreements, Docket No. 2014-0299, Decision and Order No. 32860, filed on May 26, 2015, at 23.

operate as efficiently and cost-effectively as possible, with a focus on maximizing benefits to its customers while adapting to evolving electric systems and an increased reliance on renewable energy.

6. The commission fully expects HELCO to utilize the time afforded by the rate case filing delay to aggressively pursue its corporate transformation initiatives and implement cost reduction measures that would then be reflected in its 2016 test period revenue requirements.

7. Additionally, the timing of a base rate increase, which was a possible outcome if HELCO had filed its 2016 test year rate case in 2015, would be postponed for one year by extending the rate case filing deadline.²⁵ Granting the motion to delay the rate case filing affords HELCO with additional time to implement cost reduction measures that would reduce the potential for a base rate increase and thus benefit ratepayers.

8. Furthermore, Docket No. 2013-0373, HECO's abbreviated rate case filing and Docket No. 2014-0318,

²⁵The current commission authorized rate of return on common equity is 10% for HECO and HELCO and 9% for MECO. Based upon quarterly financial reports submitted to the commission, HELCO's reported average return on common equity for the two previous years ending June 30, 2015 is approximately 7%, based upon its existing cost structure. HELCO's average reported return on common equity is almost 200 and 250 basis points lower than the average reported returns on common equity for MECO and HECO, respectively for the same time period.

abbreviated rate case filing are still pending for disposition by the commission. These proceedings will need to be addressed in respective order of their filing before disposition of the 2016 HELCO rate case docket. Accordingly, granting the motion to delay the HELCO rate case filing also facilitates allocating commission resources for optimal management and completion of all three pending rate case dockets.

B.

Waiver to Utilize the 2016 Calendar Test Year

9. HELCO requests a waiver from HAR § 6-61-87(4)'s requirement that the utility use a forward test year, so that it can utilize a calendar year 2016 test period.

10. HAR § 6-61-92, governing commission waivers, states that the commission may "in its discretion modify the requirements of [HAR chapter 6-61, subchapter 8]," if the requirements will "impose a financial hardship on the applicant or be unjust or unreasonable."

11. The commission finds that if HELCO had filed its rate case by the end of 2015, per the commission's August 31, 2010 Order in the commission's decoupling proceeding requiring a

triennial rate case filing cycle, HELCO would have utilized either a split June 2015-July 2016, or calendar year 2016, test year.²⁶

12. Granting HELCO's request for a waiver to allow it to use a calendar year 2016 test year maintains consistency with the Commission's August 31, 2010 Order, which sets forth a mandatory triennial rate case cycle "[s]o that the commission and the Consumer Advocate have a regular opportunity to evaluate decoupling and re-calibrate RAM inputs using commission-approved values..."²⁷

13. Additionally, HELCO, through the affidavit of its Vice President, states that "[a]llowing [HELCO] to use a 2016 test year period for its rate case application filed by December 30, 2016 would allow for more certainty in [HELCO's] financial requirements for 2016," and "will facilitate presentation and analysis of test year estimates, and should help avoid unnecessary controversy and potential delay in concluding this case."²⁸ It further states that "not allowing the use of a 2016 test year under the present unique circumstances would impose a financial hardship and be unjust and unreasonable."²⁹

²⁶See HAR § 6-61-87(4).

²⁷August 31, 2010 Order at 73.

²⁸Motion, Affidavit of Joseph P. Viola, at 3-4.

²⁹Motion, Affidavit of Joseph P. Viola, at 4.

14. The commission therefore grants HELCO's request for a waiver from HAR § 6-61-87(4) to allow it to utilize a calendar year 2016 test period. The commission notes that by choosing to use a calendar year 2016 test period in its upcoming filing, HELCO is nonetheless required to include in its 2016 revenue requirements, pro forma adjustments for any operating expense and capital expenditure reductions that may not occur until 2017 or beyond as a result of the outcomes of major regulatory dockets and the HECO Companies' transformation initiatives. This requirement will ensure that HELCO's ratepayers realize the benefits of the rate case filing extension.

III.

Orders

THE COMMISSION ORDERS:

1. The commission grants HELCO's Motion to extend its rate case filing deadline from the end of 2015 to no later than December 30, 2016.
2. The commission grants HELCO's request for a waiver from HAR § 6-61-87(4)'s requirements, and allows HELCO to utilize a calendar year 2016 test period for its next rate case filing.
3. The commission additionally imposes the following conditions on HELCO's upcoming rate case filing:

a. HELCO shall remove all HEI non-incentive executive compensation that is currently included in HELCO's base rates, consistent with the regulatory treatment in HECO's and MECO's last rate cases;³⁰

b. HELCO shall demonstrate that it utilized the rate case filing extension period to substantially reduce its cost structure and base revenue requirements;

c. HELCO shall propose for the commission's consideration a set of economic incentive and cost recovery mechanisms, as appropriate, consistent with the provisions of Act 37 of 2013 Hawaii Session Laws in order to further encourage reductions in its electric rates and accelerate its clean energy transformation;³¹ and

d. HELCO shall propose for commission consideration potential modifications to its Energy Cost Adjustment Clause mechanism in order to provide appropriate economic incentives to accelerate reductions in fuel and purchased power expenses.

³⁰Docket Nos. 2010-0080 and 2011-0092, respectively.

³¹HRS § 269-6(d) (2013).

4. This docket shall be considered closed unless otherwise ordered by the commission.

DONE at Honolulu, Hawaii NOV 19 2015

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By Michael E. Champley
Michael E. Champley, Commissioner

By Lorraine H. Akiba
Lorraine H. Akiba, Commissioner

APPROVED AS TO FORM:

Caroline C. Ishida
Caroline C. Ishida
Commission Counsel

2015-0170.sr

BEFORE THE PUBLIC UTILITIES COMMISSION

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In the Matter of the Application of)

HAWAII ELECTRIC LIGHT COMPANY, INC.)

Docket No. 2015-0170

For Approval of General Rate Case)
and Revised Rate Schedules and)
Rules)

DISSENT OF RANDALL Y. IWASE, COMMISSION CHAIR

I respectfully dissent from the majority's decision granting HAWAII ELECTRIC LIGHT COMPANY, INC.'S ("HELCO") "Motion to Extend Date to File Rate Case and For Approval of Test Period Waiver" ("Motion").¹

I.

Background

In its Motion, HELCO acknowledges that the "next rate case in the triennial rate case cycle would be [HELCO's] 2016 test year rate case, to be filed in 2015."² However, HELCO "requests an extension of the date by which it must file its rate case,

¹"Hawaii Electric Light Company, Inc., Notice of Intent, Motion To Extend Date To File Rate Case And For Approval Of Test Period Waiver, Affidavit of Joseph P. Viola, And Certificate Of Service," filed on June 17, 2015.

²Motion at 3.

from 2015 to December 30, 2016."³ Citing the prospect of a moratorium on rate increases, depending on the outcome of Docket No. 2015-0022, HELCO submits that "it is reasonable to defer its filing of a 2016 test year rate case until such time as a decision and order on the Change of Control Application in the Merger Docket may be issued," because HELCO "could avoid potentially unnecessary expenditure of valuable time and resources for all concerned[.]"⁴

HECO also states that the period of extension may bring clarity to HELCO's financial and operational needs, should the commission rule on other pending energy-policy dockets in which the "future direction of the Hawaiian Electric Companies will be addressed and perhaps even resolved[.]"⁵

In addition to HELCO's request for an extension to file a rate case until December 30, 2016, HELCO also requests a waiver of Hawaii Administrative Rules ("HAR") § 6-61-87(4) to thereby utilize a 2016 calendar year test period.⁶

³Motion at 3.

⁴Motion at 4. HELCO states that it "understands and agrees that, if the Commission were to approve this present motion, it would in no way be considered any indication whatsoever of the Commission's views on any issue in the Merger Docket, including on the Proposed Rate Case Moratorium." Motion at 5.

⁵Motion at 5.

⁶Motion at 6-7.

In its Response, the Consumer Advocate "supports [HELCO's] Motion and recommends approval of [HELCO's] request to extend the date to file its general rate case increase by December 30, 2016 and use a calendar year 2016 test period."⁷

II.

The Merger Proceeding Does Not Provide A Basis On Which To Grant HELCO's Motion

The commission has previously stated that "unless and until the proposed acquisition is approved by the commission, it is incumbent upon the HECO Companies to operate as stand-alone entities."⁸

Despite this, one of the primary reasons advanced by HELCO in support of its Motion is that the outcome of the merger proceedings may moot the need for a rate case.

The merger proceedings are ongoing, and no decision has been rendered at this time. Given other previous statements in Docket No. 2014-0299, the merger proceedings do not constitute a

⁷"Division of Consumer Advocacy's Response To Hawaii Electric Light Company, Inc.'s Motion To Extend Date To File Rate Case And For Approval Of Test Period Waiver," filed on June 24, 2015, at 6 ("Consumer Advocate Response").

⁸See In the Matter of Hawaiian Elec. Co., Inc., Hawaii Elec. Light Co., Inc., and Maui Elec. Co., Ltd., Docket No. 2014-0299, Decision & Order No. 32860, filed on May 26, 2015, at 23.

valid basis for approving HELCO's requested extension, or for delaying the ongoing independent operations of any of the HECO Companies.⁹

HELCO also states that "unique circumstances" exist that justify its request. HELCO alleges that such circumstances include the following:

However, the progress in (sic) and outcome of the following pending proceedings would likely have a significant impact on Hawai'i Electric Light's 2016 projections, revenue requirements and test year filing: Hawaii Electric Light's Power Supply Improvement Plan ("PSIP"), currently under review in Docket No. 2014-0183, the Companies' Distributed Generation Interconnection Plan ("DGIP"), currently under review in Docket No. 2014-0192, the Companies' Integrated Demand Response Portfolio Plan ("IDRPP"), currently under review in Docket No. 2007-0341, and the investigation into the Companies existing "decoupling mechanism" which is continuing in Docket No. 2013-0141. The Companies have also embarked on a series of initiatives to transform how the Companies operate.¹⁰

It will always be the case that other ongoing proceedings may affect the outcome of any particular rate case filing. The fact that such proceedings exist does not, by itself, provide any justification for delaying a scheduled rate

⁹The HECO Companies are HELCO, Hawaiian Electric Company, Inc., and Maui Electric Company, Limited.

¹⁰Motion, Affidavit at 3.

case filing. Moreover, should any updates be considered appropriate during the course of the rate case proceedings, those may be brought to the attention of the commission through a properly filed request or motion.

Finally, the motion does not contain sufficient evidentiary support to justify a conclusion that the current rates are just and reasonable, and will remain just and reasonable for an additional year. Such a showing is critical to any request for a delay in the filing of a rate case.

III.

Granting HELCO's Motion Is Not In The Interest Of Ratepayers Or The Public

As noted by HELCO, the next rate case in the triennial rate case cycle required by the initial Decoupling Order is HELCO's 2016 test year rate case which must be filed in 2015.¹¹

What is fatal to the majority's reasoning and which is ignored here is the purpose of the triennial filing and the reason it was mandated by this commission. We stated:

So that the commission and the Consumer Advocate have a regular opportunity to evaluate decoupling and re-calibrate RAM inputs using commission-approved values, the HECO Companies shall file staggered rate cases every three years, unless otherwise ordered by the commission, commencing as proposed in the Amended Joint Proposal, with HECO's 2011 test year rate case,

¹¹Motion at 2.

followed by either MECO's or HELCO's test year rate cases of 2012 and then MECO's or HELCO's test year rate cases of 2013.¹²

Evaluating and recalculating RAM inputs is a critical safeguard for ratepayers since the commission conceded that "[t]he RAM will put upward pressure on rates".¹³

In his dissenting opinion, Commissioner Leslie H. Kondo observed that the decoupling and RAM mechanisms had no performance metrics, limited commission oversight over annual revenue increases, and inadequate customer protection.¹⁴

The commission declined to adopt performance metrics. However, "in response to concerns that the commission and some of the parties had with RAM" the commission imposed conditions, including a "(i) Mandatory Triennial Rate Case Cycle".¹⁵

Given the commissioners' concession that the RAM "will put upward pressure on rates," it is imperative that the commission meet its responsibilities to the ratepayers

¹²See In the Matter of PUBLIC UTILITIES COMMISSION Instituting a Proceeding to Investigate Implementing a Decoupling Mechanism for Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Limited, Docket No. 2008-0274, "Final Decision And Order And Dissenting Opinion of Leslie H. Kondo, Commissioner," filed August 31, 2008 ("Initial Decoupling Order"), at 129 (emphasis added).

¹³Initial Decoupling Order at 72 (emphasis added).

¹⁴Initial Decoupling Order; Dissent of Commissioner Leslie H. Kondo at 1.

¹⁵Initial Decoupling Order at 73 (emphasis added).

and the public by closely and carefully scrutinizing the operations of the RAM mechanism. In a recent decision filed on March 31, 2015, the commission capped RAM because of serious concerns over how it was being utilized by the utility.¹⁶ The decision and the commission's capping of the RAM highlights the need for vigilance in reviewing the operations of the RAM. Yet, in its decision, the majority fails to do so.

The mandatory triennial rate case is another important layer of protection to ensure that the RAM is beneficial and, if not, whether it should be terminated. Unfortunately, the majority opinion deprives us of that review and strips away this layer of protection.

Finally, I note that this is not the first instance where the majority agreed to defer a rate case, and extend an automatic rate adjustment mechanism. Earlier this year, in the Matter of the Application of YOUNG BROTHERS LIMITED, Docket No. 2013-0032, the majority granted, in lieu of a rate case, an extension of the Annual Freight Rate Adjustment Pilot Program ("AFRA"). In that case, the sole reason proffered by Young Brothers was the mere assertion of heavy workload. In my dissent, I opined that heavy

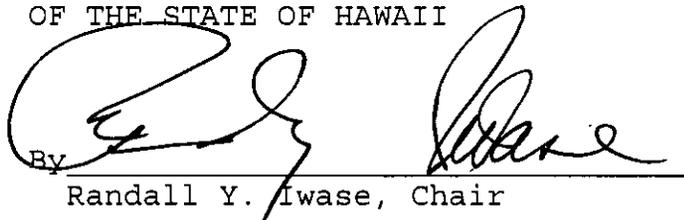
¹⁶See In the Matter of PUBLIC UTILITIES COMMISSION Instituting a Proceeding to Reexamine the Existing Decoupling Mechanisms for Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Limited, Docket No. 2013-0141, "Order No. 32735 Modifying Decoupling Mechanisms And Establishing Briefing Schedule," filed March 21, 2015.

assertion of heavy workload. In my dissent, I opined that heavy workload was not sufficient to grant the motion, that the terms and conditions of the commission's order establishing the pilot compelled a denial of the motion, and that our order and statutory provisions compelled a ratemaking review of AFRA.

To paraphrase Yogi Berra "it's déjà vu all over again". Again we grant a deferral of a rate case, again we grant based on insufficient reasons, again we ignore our prior Order which mandates a triennial rate case and the reasons therefore, and again, the interest of the ratepayer and the public is lost in the fog of sophistry.

DONE at Honolulu, Hawaii NOV 19 2015.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Randall Y. Iwase, Chair

CERTIFICATE OF SERVICE

The foregoing order' and separate dissenting opinion were served on the date of filing by mail, postage prepaid, and properly addressed to the following parties:

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