

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

-----In the Matter of-----)
)
PUBLIC UTILITIES COMMISSION) DOCKET NO. 2013-0141
)
Instituting an Investigation to)
Reexamine the Existing Decoupling)
Mechanisms for Hawaiian Electric)
Company, Inc., Hawaii Electric)
Light Company, Inc., and Maui)
Electric Company, Limited.)
_____)

ORDER NO. 32701

APPROVING THE RELEASE OF PERFORMANCE METRICS,
DIRECTING THAT THE APPROVED PERFORMANCE METRICS
BE POSTED TO THE WEBSITES, AND DIRECTING THE PARTIES
TO DEVELOP ADDITIONAL PERFORMANCE METRICS

PUBLIC UTILITIES
COMMISSION

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TO DEVELOP ADDITIONAL PERFORMANCE METRICS

By this Order, the commission (1) approves the release of the performance metrics discussed herein; (2) directs the HECO Companies¹ to post to their websites the performance metric web pages reviewed by the parties as modified herein; and (3) directs the HECO Companies to proceed with development of "additional performance metrics" as further directed below.

¹The "HECO Companies" are Hawaiian Electric Company, Inc. ("HECO"), Hawaii Electric Light Company, Inc. ("HELCO"), and Maui Electric Company, Limited ("MECO").

I.

Background

In Order No. 31484, the commission identified the general issues to be addressed in this docket.² Those issues identified as "Schedule A issues" were to be addressed on an expedited basis, and those issues identified as "Schedule B issues", to be addressed pursuant to a lengthier procedural schedule. The specific Schedule A and Schedule B issues were identified in Order No. 31635.³

As set forth in Order No. 31635, Schedule A, Issue No. 4, pertains to the development and reporting of performance metrics:

4. PERFORMANCE METRICS:

Should metrics be determined to measure utility performance that would be reported on a regular basis to the commission and made available to the general public? What metrics are appropriate? What relationship, if any, should such metrics have to performance incentives?⁴

The commission drew a distinction between the performance metrics to be considered with respect to the Schedule A

²Order No. 31484, Identifying Proposed Issues And Procedural Schedule," filed on October 10, 2013 ("Order No. 31484").

³Order No. 31635, Identifying Issues, Establishing Procedural Schedule For Resolution Of Certain Issues, And Approving, With Modifications, The Parties' Joint Stipulated Procedural Order And Schedule For Resolution Of The Remaining Issues," filed on October 28, 2013 ("Order No. 31635").

⁴Order No. 31635 at 9 (footnote omitted).

issues and the performance incentives to be considered with respect to the Schedule B issues.

The consideration of performance metrics in Schedule A are distinct from the performance incentives identified as an issue for consideration in Schedule B. The performance metrics considered in Schedule A would be metrics to be regularly reported by the utilities without further direct linkage to financial or other incentives. The performance incentives considered in Schedule B may ultimately incorporate performance metrics as part of the incentive mechanisms but these metrics would not necessarily be the same as the metrics determined as reporting requirements in Schedule A.⁵

In "Decision and Order No. 31908," filed on February 7, 2014 ("Order No. 31908"), the commission further explained that:

The performance metrics considered in Schedule A are metrics to be regularly reported by the utilities without further direct linkage to financial or other incentives. While the performance incentives considered in Schedule B may ultimately incorporate these performance metrics as part of the incentive mechanisms, the performance incentives would be linked to financial or other incentives, and would not necessarily be the same as the metrics determined as reporting requirements in Schedule A.⁶

In accordance with the procedural schedule in this docket pertaining to Schedule A issues, the parties filed Initial Statements of Position, exchanged information requests and

⁵Order No. 31484 at 8, n. 5.

⁶Order No. 31098 at 70.

responses, and filed Final Statements of Position. The parties proposed and discussed several performance metrics. Performance metrics were further addressed by the parties during oral arguments regarding the Schedule A issues held before the Commission on January 27 and 28, 2014.

In Order No. 31098, the commission reviewed the parties' proposals and arguments regarding performance metrics considered in accordance with the Schedule A issues and concluded:

5. The commission finds that it is useful and beneficial to require the HECO Companies to regularly report, maintain, and promptly periodically update the Schedule A performance metrics identified below on each of the Companies' websites.

6. In order to provide the most meaningful and transparent communication of the Schedule A metrics the commission directs the parties to participate in an iterative metrics and website development and review process as described below.⁷

The iterative metrics and website development and review process established by Order No. 31098 is as follows. First, the HECO Companies were directed to include certain specific performance metrics ("Initial Performance Metrics" on their websites:

7. The HECO Companies are initially directed to develop meaningful presentations of (a) the Schedule A performance metrics as proposed by the HECO Companies in their Final SOP Exhibit 3 and (b) the metric

⁷Order No. 31908 at 74.

proposed by the County of Hawaii: Cost of final delivered energy to customers by rate class for each island system. These presentations should include graphical representations where informative, historical trends where possible, and both straightforward, understandable explanations and accurate definitions in all cases.

These Schedule A performance metrics shall be posted on the HECO Company's website on a consolidated basis and, additionally, on each Company's website on an individual, company-specific basis. Financial metrics that are available only on a consolidated basis shall be presented on a consolidated basis on each Company's individual website. Links to the presentation of the consolidated Companies' metrics shall also be provided on each individual Company's website.

The HECO Companies shall, no later than April 14, 2014, develop working or "under construction" websites ("worksites") that include these Schedule A performance metrics and that are accessible to the commission and the parties for review prior to final commission approval and subsequent release to the public. The commission and the parties are to be provided with notification, including links to the worksites and a password to obtain access, when the worksites are developed and available for review. Following this notification, the parties shall provide any comments or recommendations regarding the HECO Companies' worksites to the commission within thirty (30) days of such posting. The HECO Companies are encouraged to communicate and meet with the other parties prior to providing the initial Schedule A performance metrics and worksites. The objective of this communication between the parties and the HECO Companies is to provide constructive comment from the parties in order to improve the accuracy, transparency, meaningfulness,

and effectiveness in communication of the initial Schedule A performance metrics.⁸

As noted, the performance metrics to be included in worksites include those proposed by the HECO Companies in their final SOP Exhibit 3. These performance metrics are as follows:

Transmission and Distribution

1. System Average Interruption Duration Index (SAIDI)
2. System Average Interruption Frequency Index (SAIFI)

Power Supply/Generation

1. Equivalent Availability Factor (EAF)
2. Equivalent Forced Outage Rate-Demand (EFORD)
3. Equivalent Forced Outage Factor (EFOF)
4. IPP Energy / Net to System Energy

Renewable Energy

1. System Renewable Energy Metric (System RE Metric)
2. Renewable Portfolio Standard Compliance
3. Total Renewable Energy Metric (Total RE Metric)
4. Number of NEM program participants and capacity of NEM program

Customer Service

1. Percentage of customer calls answered within thirty (30) seconds
2. Customer Transaction Survey Results

Financial

1. Return on Equity Ratemaking
2. Credit Rating - Standard & Poors
3. Credit Rating - Moody's

⁸Order No. 31908 at 74-76.

Employee Safety

1. Total Case Incident Rate (TCIR)

Additionally, as discussed above, the HECO Companies were to include the following metric on their worksites: "Cost of final delivered energy to customers by rate class for each island system."

Second, the commission directed the HECO Companies to develop several additional performance metrics ("Additional Performance Metrics"):

8. The HECO Companies are further directed to develop the following "additional performance metrics," consistent with the above guidelines, for each utility system and on a consolidated basis:

(a) the metrics proposed by the Consumer Advocate in its Initial SOP at pages 22 and 23 that are not included in the initial Schedule A performance metrics required above;

(b) one or more metrics that together provide one or more breakdowns of the contributing cost components to customer rates;

(c) metrics that measure the amounts of storage (including breakdown of thermal, electrical or other storage), demand response measures, and subscription or utilization of time of use rates on each utility system;

(d) metrics that report the amount of renewable energy generation curtailment on each utility system; and

(e) a metric that quantifies unaccounted energy as a feasible measure of a sum of

conflated transmission and distribution losses, company use, theft and metering inaccuracies.

The HECO Companies shall provide the additional performance metrics for review by the commission and parties by filing a proposal with the commission on or before April 14, 2014, the proposal shall include details regarding how the metrics will ultimately be calculated, updated, and presented on the HECO Companies' websites. The parties shall provide any comments or recommendations regarding the HECO Companies' proposal to the commission within thirty (30) days of the filing of the proposal.

The HECO Companies are encouraged to communicate and meet with the other parties prior to filing their proposal with the commission. The objective of this communication between the parties and the HECO Companies is to provide constructive comment from the parties in order to improve the accuracy, transparency, meaningfulness, and effectiveness in communication of the additional performance metrics.⁹

On April 14, 2014, the HECO Companies filed a letter (the "April 14 Letter") in this docket reporting that, in accordance with Order No. 31908, the Companies had "developed working websites for certain Schedule A performance metrics for review by the Commission and Other Parties in this proceeding."¹⁰ In addition, in an attachment to the April 14

⁹Order No. 31908 at 76-77.

¹⁰April 14 Letter at 1 (footnote omitted).

Letter, the HECO Companies provided "the Companies' proposal for calculating, updating and presenting additional performance metrics proposed by the Other Parties."¹¹

The April 14 Letter states that ultimately, "[t]he web pages will be presented on the 'Information About Decoupling' section of the Companies' websites."¹² The Letter further describes the HECO Companies' efforts to communicate and work with the other parties in this docket, including providing access to review the web "worksite," meeting with and receiving comments from the parties, and making revisions in response to the parties' comments.¹³

On May 14, 2014, in accordance with Order No. 31908, comments were filed by the Consumer Advocate, the County of Hawaii, and the Blue Planet Foundation regarding the HECO Companies' performance metrics worksites and the subject matter of the HECO Companies' April 14, 2014 submittal.

On July 15, 2014, the HECO Companies filed a letter with attached responses (the "July Responses") to the comments filed by

¹¹April 14 Letter at 1.

¹²April 14 Letter at 2.

¹³April 14 Letter at 2.

other parties on May 14, 2014.¹⁴ The July Responses clarify the Companies' positions, and make certain amendments and corrections to the metrics based on the other parties' comments.

II.

Findings And Conclusions

1. The commission has previously determined that it is "useful and beneficial to require the HECO Companies to regularly report, maintain, and promptly periodically update" performance metrics consistent with the purposes and directives regarding Schedule A issues in this docket.¹⁵

2. In Order No. 31908, the commission directed the HECO Companies to develop a set of Initial Performance Metrics according to certain specifications and with required communications with the other parties in this docket by April 14, 2014. The commission has reviewed the HECO Companies' Initial Performance Metrics, and, for the following reasons, finds that the scope of metrics presented on the HECO Companies' "worksite" complies with the scope of metrics established in Order No. 31908.

¹⁴ The HECO Companies' July 15, 2014 filing was not required or included in the procedural schedule or by other order of the commission in this docket.

¹⁵Order No. 31908 at 74.

3. The HECO Companies worked cooperatively with the parties,¹⁶ and the metrics presented on the worksites on April 14, 2014, reflect constructive changes as suggested by the parties. In a letter dated July 15, 2014, the HECO Companies stated that they made further constructive changes in response to the additional suggestions by the parties in the comments filed on May 14, 2014, and have expressed a willingness to make additional changes unilaterally or as required by the commission.

4. In Order No. 31908, the commission also directed the HECO Companies to develop a set of Additional Performance Metrics, including a proposal to be filed on or before April 14, 2014, providing "details regarding how the metrics will ultimately be calculated, updated, and presented on the HECO Companies' websites."¹⁷ The scope of the performance metrics presented in the HECO Companies' April 14, 2014 letter includes the scope of metrics required in Order No. 31908.

5. For the above reasons, the commission concludes that the Initial Performance Metrics as currently presented on the HECO Companies' worksites should be posted publically on the

¹⁶See "Division Of Consumer Advocacy's Comments Regarding Additional Metrics And Metrics Website," filed May 14, 2014 ("CA Comments"), and "Blue Planet Foundation's Comments On Schedule A Performance Metrics And Certificate Of Service," filed May 14, 2014 ("Blue Planet Comments").

¹⁷ Order No. 31908 at 76.

HECO Companies' websites, subject to the further amendments and additions as set forth below.

6. On or before April 1, 2015, each of the HECO Companies shall post the Initial Performance Metrics on its web site in the form currently presented on the Companies' worksites, as further amended by this Order below, and in accordance with the following directives from Order No. 31908:

These Schedule A performance metrics shall be posted on the HECO Companies' website[s] on a consolidated basis and, additionally, on each Company's website on an individual, company-specific basis. Financial metrics that are available only on a consolidated basis shall be presented on a consolidated basis on each Company's individual website. Links to the presentation of the consolidated Companies' metrics shall also be provided on each individual Company's website.¹⁸

7. The commission notes that some, but not all, of the comments and suggestions by the parties have been incorporated in the metrics presented on the current version of the worksites. In their letter dated July 15, 2014, the HECO Companies indicate that they are "willing" to make some specific further changes in response to the comments made by parties in comments filed on May 14, 2014, or at the direction of the commission.

8. Based on the HECO Companies representations, in those instances where the HECO Companies have explicitly

¹⁸Order No. 31908 at 75.

indicated that they are willing to make changes and/or additions in response to the comments of the other parties, they are directed to make those changes. The HECO Companies shall post the amendments and additions to the Initial Performance Metrics required in this Order to the Companies' websites on or before April 15, 2015.

9. The commission further finds that the HECO Companies should proceed to develop and post to the Companies' websites the Additional Performance Metrics identified in the proposal attached to the HECO Companies' April 14, 2014 letter, as amended in accordance with the provisions in this Order. The Companies shall post the Additional Performance Metrics to the Companies' websites on or before May 1, 2015.

10. After publication of the Initial Performance Metrics, the additions to the Initial Performance Metrics required by this Order, and the Additional Performance Metrics required by this Order, the parties are invited to identify any remaining concerns, comments, or suggestions regarding the performance metrics and the presentations of the performance metrics on the HECO Companies' websites. Comments by the parties shall be filed in this docket on or before June 1, 2015.

11. The commission acknowledges the efforts of the HECO Companies to communicate and collaborate with the other parties in this proceeding regarding the development and

presentation of the Schedule A performance metrics. The Companies are directed to further communicate and collaborate with the parties in determining any further improvements, amendments, and additions to the performance metrics, and the presentation of the performance metrics on the Companies' websites required by this Order.

12. The commission observes that most of the performance metrics are expressed as information reported for a two year (eight quarter) historical period. For some metrics, information is provided for longer historical periods on an annual basis and/or links are provided to tables and charts that include information for longer historical periods.

13. For the following reasons, the commission finds that the presentation of the performance metrics over a longer period of time would provide added value. First, the commission observes that the metrics measure attributes that may change incrementally over an extended period of years. Longer term trends may not be discernable where the metrics are volatile within shorter time frames. Second, most of the metrics are not expressed in relation to measured standards of performance or comparison to other jurisdictions. Longer term historical trends may serve as at least some standard for comparison of more recent performance.

14. For these reasons, where information is available, the performance metrics should be expressed for at least a ten year

period of time, on an annual, quarterly, or monthly basis as appropriate. Where sufficient information is not available for a ten year historical period, metrics should be expressed for the period of available sufficient information.

15. With respect to the metrics that would report the amount of renewable energy generation curtailment on each utility system, the HECO Companies describe several challenges, particularly regarding the HECO, HELCO, and Lanai systems. However, the Companies do not provide full assurance that effective metrics will be developed or provide details regarding these systems. Specific comments on this matter were provided by the Consumer Advocate¹⁹ and Blue Planet Foundation.²⁰

16. The Companies provide additional discussion regarding reporting renewable energy curtailment information in their July 15, 2014 letter, including an indication of their willingness to incorporate changes suggested by the commenting parties. One question enunciated by the commenting parties is the extent to which estimates of the amount of curtailment can be provided in instances where information is not regularly provided by independent energy producers. The Companies shall develop methods to provide the

¹⁹CA Comments at 13-14.

²⁰Blue Planet Comments at 8.

most meaningful expression of the required curtailment metrics, using best estimates of curtailed energy where necessary, and by obtaining more and better information from independent energy suppliers where possible.

17. The HECO Companies shall also consider, with input from the other parties, additional metrics to summarize and present curtailment information. Additional metrics could include, for example, identifying the number of hours of curtailment in total or for each RE generator, or reporting a calculated time times capacity metric (sum of products of hours each curtailment x capacity of curtailed units). The Companies shall include compliant metrics measuring the amount of renewable energy generation curtailment on each utility system in the Additional Performance Metrics posted on the Companies' websites on May 1, 2015.

18. The HECO Companies state that "[t]he web pages will be presented on the 'Information About Decoupling' section of the Companies' websites."²¹ The commission is concerned that locating the performance metrics on this part of the Companies' websites, without sufficient additional links or reference, will not provide sufficient prominence. The Companies are directed to locate the performance metrics in a more prominent location on each Company's

²¹April 14 Letter at 2.

website(s) and/or to provide one or more appropriate clearly labeled direct links, such that a person interested in finding performance information or metrics can effectively and straightforwardly navigate to this section of each Company's website.

III.

Orders

1. The HECO Companies shall publicly post the Initial Performance Metrics to each of the Companies' websites, as specified in this Order, on or before April 1, 2015.

2. The HECO Companies shall post the amendments and additions to the Initial Performance Metrics specified in this Order to each of the Companies' websites on or before April 15, 2015.

3. The HECO Companies shall post the Additional Performance Metrics, amended as specified in this Order, to each of the Companies' websites on or before May 1, 2015.

4. The parties may file final comments concerning any remaining concerns or suggestions regarding any of the performance metrics and the presentations of any of the performance metrics on the HECO Companies' websites on or before June 1, 2015.

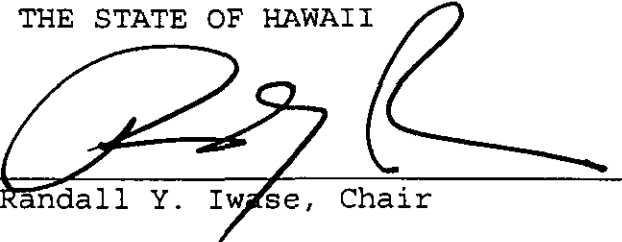
5. The HECO Companies are directed to communicate and collaborate with the parties in this docket regarding the

amendments and additions to the performance metrics required by this Order.

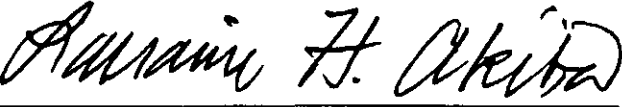
6. The Companies are directed to locate the performance metrics in a more prominent location on each Company's website(s) and/or to provide one or more appropriate clearly labeled direct links, such that a person interested in finding performance information or metrics can effectively and straightforwardly navigate to this section of each Company's website.

DONE at Honolulu, Hawaii MAR 11 2015

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Randall Y. Iwase, Chair

By 
Michael E. Champley, Commissioner

By 
Lorraine H. Akiba, Commissioner

APPROVED AS TO FORM:



Thomas C. Gorak
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2013-0141.sr

2013-0141

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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