

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

-----In the Matter of-----)
)
PUBLIC UTILITIES COMMISSION) DOCKET NO. 2007-0323
)
Instituting a Proceeding to)
Investigate the Issues and)
Requirements Raised by, and)
Contained in, Hawaii's Public)
Benefits Fund, Part VII of)
Chapter 269, Hawaii Revised)
Statutes.)
_____)

ORDER NO. **37202**

APPROVING LEIDOS, INC.'S
PROGRAM YEAR 2018 PERFORMANCE AWARD

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

-----In the Matter of-----)
)
PUBLIC UTILITIES COMMISSION) Docket No. 2007-0323
)
Instituting a Proceeding to) Order No. **37202**
Investigate the Issues and)
Requirements Raised by, and)
Contained in, Hawaii's Public)
Benefits Fund, Part VII of)
Chapter 269, Hawaii Revised)
Statutes.)
_____)

APPROVING LEIDOS, INC.'S
PROGRAM YEAR 2018 PERFORMANCE AWARD

By this Order, the Commission approves a total performance award payment of \$999,041.00 (inclusive of tax) to Leidos, Inc. ("Leidos") for Program Year 2018 ("PY18").¹

¹The Parties to this docket are: the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate"), HAWAIIAN ELECTRIC COMPANY, INC., HAWAII ELECTRIC LIGHT COMPANY, INC., MAUI ELECTRIC COMPANY, LIMITED (collectively, "HECO Companies"), HAIKU DESIGN & ANALYSIS, HAWAII SOLAR ENERGY ASSOCIATION, HAWAII RENEWABLE ENERGY ALLIANCE, HONEYWELL INTERNATIONAL, INC., and ENERGY INDUSTRIES, LLC.

I.

BACKGROUND

Pursuant to a contract with the Commission, Leidos serves as the Public Benefits Fee Administrator ("PBFA") and administers the Hawaii Energy - Conservation and Efficiency Program.² The PBFA contract includes a provision for performance awards based on the PBFA's performance in achieving specific objectives and program goals: First Year Energy Reduction, Peak Demand Reduction, Total Resource Benefits, Customer Equity, Market Transformation, and Customer Satisfaction ("Performance Indicators"). For Program Year 2018 (July 1, 2018, through June 30, 2019), the PBFA has an opportunity to receive an award payment up to the amount of \$1,001,669.00, payable pursuant to their contract with the Commission, and apportioned across the various Performance Indicators.

On May 6, 2020, Leidos submitted its PBFA Performance Award Claim for Program Year 2018, and a revised version on May 19, 2020, requesting a total performance award of \$990,060.20 (inclusive of tax) ("Program Year 2018 Performance Award Claim")

²The Commission has retained 2050 Partners, Inc. ("2050 Partners") to assist with management of the PBFA. The program evaluation work is currently being provided by Applied Energy Group ("AEG").

plus an additional \$17,703.59 for the PY16-PY18 Cumulative Resource Acquisition Additional Claim ("Cumulative Claim").³

Leidos' Performance Award Claim was reviewed by 2050 Partners and AEG.⁴ Based on the independent assessment and verification of the Program Year 2018 Performance Award Claim, Leidos is eligible to receive \$981,337.41 for its Program Year 2018 Performance Award.

The PY16-PY18 Cumulative Claim was reviewed by 2050 Partners, who verified Leidos' eligibility to receive an additional \$17,703.59 performance award.⁵

On June 15, 2020, the Commission issued an order setting June 23, 2020, as the deadline for comments regarding Leidos' Program Year 2018 Performance Award Claim. The HECO Companies

³See "PY2018 Annual Performance Award Claim (Revised) of Leidos, Inc. (Leidos) as the Public Benefits Fee Administrator," filed in this docket on May 19, 2020.

⁴See Order No. 37171, "Setting Deadline for Comments Regarding Leidos, Inc.'s Program Year 2018 Performance Award Claim," filed on June 15, 2020, Exhibit A (Letter from 2050 Partners) and Exhibit B (AEG's Hawaii Energy PY2018 Verification Report) (collectively, "Order No. 37171").

⁵See Order No. 37171.

filed comments on June 23, 2020,⁶ and the Consumer Advocate filed comments on June 23, 2020.⁷

II.

COMMENTS

The Consumer Advocate does not object to Leidos' Program Year 2018 Performance Award Claim,⁸ but offers comments and recommendations on the following issues: requirement that the PBFA and/or EM&V consultant(s) provide, at a minimum, further explanation and justification in the future for changes in indicators and/or targets; need for greater transparency regarding changes to performance indicators; consideration of the relationship between candidate indicators/metrics and the ability to measure and verify them; consideration of the relationship between candidate performance indicators and the goals and metrics under consideration in other proceedings; and how historical data may be used to assess the success of particular programs and/or measures.⁹ The Consumer Advocate believes that as Hawaii moves

⁶See Letter from the HECO Companies, filed on June 23, 2020 ("HECO Companies' Comments").

⁷See "Division of Consumer Advocacy's Comments on Leidos Engineering, LLC's Program Year 2018 Performance Award Claim," filed on June 23, 2020 ("Consumer Advocate's Comments").

⁸Consumer Advocate's Comments at 1.

⁹See Consumer Advocate's Comments at 12-13.

forward with its clean energy goals, "it is necessary to consistently re-evaluate interim goals and objectives to accommodate changing market conditions, changing customer needs, and grid conditions."¹⁰

The HECO Companies state that they have no comments on Leidos' Program Year 2018 Performance Award Claim.¹¹

III.

DISCUSSION

At issue here is whether, under the terms of the PBFA contract, as amended, Leidos is entitled to a Performance Award based on its achievements during Program Year 2018. Based on Leidos' representations and the independent assessment and verification of its program achievements, the Commission finds that Leidos is entitled to a total performance award of \$999,041.00, which is inclusive of the \$981,337.41 and \$17,703.59, for Program Year 2018 and PY16-PY18 Cumulative Claim, respectively.

In addition, the Commission takes note of the concerns and recommendations discussed by the Consumer Advocate in relation to the development of potential performance awards for subsequent program years.

¹⁰Consumer Advocate's Comments at 9.

¹¹HECO Companies' Comments at 1.

IV.

ORDER

THE COMMISSION ORDERS:

Leidos shall be awarded a total performance award of \$999,041.00 for Program Year 2018 and PY16-PY18 Cumulative Claim.

DONE at Honolulu, Hawaii JULY 7, 2020.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By James P. Griffin
James P. Griffin, Chair

By Jennifer M. Potter
Jennifer M. Potter, Commissioner

By Leodoloff R. Asuncion, Jr.
Leodoloff R. Asuncion, Jr., Commissioner

APPROVED AS TO FORM:

Rachel James
Rachel M. James
Commission Counsel

2007-0323.ljk

CERTIFICATE OF SERVICE

Pursuant to Order No. 37043, the foregoing order was served on the date it was uploaded to the Public Utilities Commission's Document Management System and served through the Document Management System's electronic Distribution List.

FILED

2020 Jul 07 AM 11:27

PUBLIC UTILITIES
COMMISSION

The foregoing document was electronically filed with the State of Hawaii Public Utilities Commission's Document Management System (DMS).