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October 2, 2017

Alan M. Oshima
President and Chief Executive Officer
Hawaiian Electric Company
P.O. Box 2750
Honolulu, Hawaii 96840

Dear Mr. Oshima:

The Commission received a press release issued by Hawaiian Electric Industries, Inc. ("HEI"), dated September 20, 2017, stating that HEI has established a new subsidiary, Pacific Current, which has agreed to purchase the Hamakua Energy Partners ("HEP") power plant on Hawaii Island, "for an undisclosed price." The HEP power plant provides energy and capacity services to Hawaii Electric Light Co., Inc. ("HELCO") under a power purchase agreement which is in effect and expires in 2030.

Under Hawaii Revised Statutes ("HRS") Section 269-19.5(a), "affiliated interests" of public utilities include "every corporation ten per cent or more of whose voting securities is owned by any person owning ten percent or more of the voting securities of a public utility." Under HRS Section 269-19.5(b), "contracts and agreements between [a] regulated entity and its affiliates must be shown by clear and convincing evidence to be in furtherance of the interests of the public."

To assist the Public Utilities Commission's determination whether the power purchase agreement between HELCO and its affiliate Pacific Current is in furtherance of the interests of the public, please respond to the following:

- 1) Please discuss in detail all measures HELCO has instituted to identify and prevent potential preferential treatment of its affiliate's interests in the HEP power plant, in the following areas:
 - a) operational decisions about unit commitment and dispatch;
 - b) interconnection of new generation resources, including both utility-scale and distributed sources;

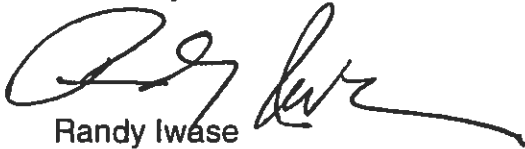
- c) solicitation and procurement of new generation resources from non-affiliate independent power producers (“IPPs”);
 - d) negotiation of future power purchase agreements with non-affiliate IPPs;
 - e) re-negotiation of existing power purchase agreements with non-affiliate IPPs;
 - f) re-negotiation of the HEP power purchase agreement with an affiliate IPP;
 - g) development and implementation of new programs to invest in “non-wires alternatives” to generation, such as energy storage and distributed energy resources; and
 - h) development and implementation of new programs to expand customer choice, such as community-based renewable energy (CBRE), demand response, and “smart export” options.
- 2) Please discuss in detail measures HELCO has instituted to prevent disclosure of confidential information to its affiliate and its affiliate’s owners.
 - 3) Please discuss in detail the code of conduct between representatives from HELCO and Pacific Current that ensures any contracts or agreements between these entities are in furtherance of the interests of the public.
 - 4) Please discuss in detail any additional measures HELCO has taken to ensure that the agreement between HELCO and Pacific Current is in furtherance of the interests of the public.

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- 5) Is HELCO or another Hawaiian Electric regulated utility currently in discussions or negotiations with Pacific Current for any new contracts or agreements? If so, please describe the nature of the contract or agreement under discussion or negotiation and any measures to prevent conflicts of interest with potential competitive procurement of similar services, equipment, or supplies from non-affiliated entities.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Iwase", written over the printed name.

Randy Iwase
Chair

RYI:mt

cc: Jay Ignacio, P.E.
President, Hawai'i Electric Light Company, Inc.