

DAVID Y. IGE
GOVERNOR

JOSH B. GREEN
LT. GOVERNOR



STATE OF HAWAII
PUBLIC UTILITIES COMMISSION
465 S. KING STREET, #103
HONOLULU, HAWAII 96813

JAMES P. GRIFFIN
CHAIR

JENNIFER M. POTTER
COMMISSIONER

LEODOLOFF R. ASUNCION, JR.
COMMISSIONER

Telephone: (808) 586-2020
Facsimile: (808) 586-2066

Website: puc.hawaii.gov
E-mail: puc@hawaii.gov

May 9, 2019

Kevin M. Katsura
Director, Regulatory Non-Rate Proceedings
Hawaiian Electric Company, Inc.
P.O. Box 2750
Honolulu, Hawaii 96840-0001

Dear Mr. Katsura:

In response to your letter of March 8, 2019 ("March 8 Letter"), regarding HELCO's Rebuild Agreement with Puna Geothermal Venture ("PGV"), the Commission notifies you that rebuilding the subject 6500 and 8700 transmission lines will require Commission approval, and a public hearing.

Although HELCO plans to reconstruct the 6500 and 8700 transmission lines "in the same general area" of the old lines, commission approval to "place, construct, erect, or otherwise build" the lines above the surface of the ground is still required by Hawaii Revised Statutes ("HRS") § 269-27.6. While HELCO initially states that these lines will "maintain their previous overhead configuration," March 8 Letter at 1, HELCO then later describes the segments of its 6500 and 8700 transmission lines as "re-routed," and includes a diagram showing the new configuration of the lines (see March 8 Letter, Exhibit B at 3).

Likewise, HRS § 269-27.5 requires that "whenever a public utility plans to place, construct, erect, or otherwise build a new 46 kilovolt or greater high-voltage electric transmission system above the surface of the ground through any residential area, the public utilities commission shall conduct a public hearing prior to its issuance of approval thereof." In the March 8 Letter, it states that there are two residences within 400-500 feet of where the 6500 and 8700 transmission lines will be constructed. March 8 Letter at 2. This proximity to residences means a public hearing is necessary.

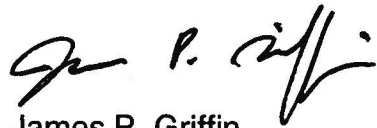
In addition, regarding the negotiations between HELCO and the PGV for a "possible amended and restated [power purchase agreement ("PPA")]," March 8 Letter at 2, if HELCO intends to file a re-negotiated PPA for review by the Commission, that PPA should de-link the PPA pricing from the cost of fossil fuel, lower costs to customers to a level that is competitive with currently-priced renewables, and do so within the timeframe by which PGV expects to come back online. To that end, HELCO may propose a shared-savings mechanism, filed with any re-negotiated PPA application, that allows HELCO to retain a percentage of ratepayer savings attributable to the re-negotiated PPA,

Kevin M. Katsura
Director, Regulatory Non-Rate Proceedings
May 9, 2019
Page 2

if HELCO can achieve: (1) certain pre-determined competitive benchmarks, related to de-linking the pricing in the PPA from the cost of fossil fuel, and lowering costs such that they are competitive with currently-priced renewables, and (2) timelines, including submission of the re-negotiated PPA to the Commission for review within the timeframe by which PGV expects to come back online. The Commission notes that by proposing the opportunity for a shared-savings mechanism, the Commission is not taking a position on whether PGV will, in fact, come back online, but rather, is stating that if PGV does come back online, it should be under circumstances that take advantage of this opportunity to benefit HELCO ratepayers by lowering the costs of the PPA.

The Commission also requests that HELCO keep the Commission updated quarterly, beginning on June 1, 2019, regarding the status of permits required for this project to come back online (including but not limited to those set forth in Exhibit D to the March 8 Letter ("PGV's Government Approvals")), status of negotiations of a restated PPA, and updated, as necessary, regarding any other relevant developments, until the Commission determines otherwise.

Sincerely,



James P. Griffin
Chair



Jennifer M. Potter
Commissioner



Leodoloff R. Asuncion, Jr.
Commissioner

JPG:JMP:LRA:ljlk