



February 22, 2024

The Honorable Chair and Members
of the Hawai'i Public Utilities Commission
Kekuanao'a Building, First Floor
465 South King Street
Honolulu, Hawai'i 96813

Dear Commissioners:

Subject: Docket No. 2022-0212 – Innovative Pilot Process
Hawaiian Electric Response to PUC-HECO-IR-05

Hawaiian Electric¹ encloses for filing the Company's response to PUC-HECO-IR-05, which the Commission issued in this proceeding on February 12, 2024, and a certificate of service.

Sincerely,

/s/ Aki Marceau

Aki Marceau
Director,
Electrification of Transportation

Enclosures

¹ Hawaiian Electric Company, Inc., Hawai'i Electric Light Company, Inc., and Maui Electric Company, Limited are collectively referred to as "Hawaiian Electric" or the "Company."

PUC-HECO-IR-05

Reference: Letter From: A. Marceau To: Commission Re: Docket No. 2022-0212 – Innovative Pilot Process; Proposed Extension to Charge Ready Hawaii Pilot, filed on January 25, 2024 (“Pilot Notice Supplement”) at 2; Charge Ready Application at 17-18.

In the Pilot Notice Supplement, Hawaiian Electric states that “[t]he proposed change to the implementation schedule will not increase Pilot costs beyond the original Pilot budget approved by the Commission in Docket No. 2020-0202.[.]”

Given it has been several years since the original cost estimate was provided in Docket No. 2020-0202 and the proposed change to allow for sub-metering instead of a dedicated meter, please provide an update, which assumes both the requests in both the Pilot Notice and Pilot Notice Supplement are approved, to Table 2 of the Charge Ready Application.

Hawaiian Electric Response:

Please see the updated estimated costs in Table 2 below:

Table 2. Estimated Pilot Costs (Updated as of 2/22/2024)^{1,2}

	O‘ahu (11 Sites)	Hawai‘i (3 Sites)	Maui County (6 Sites)	Total (20 Sites)
Utility Side of the Meter Work				
Engineering ⁴	\$24,857	\$6,000	\$12,000	\$42,857
Construction ⁴	\$59,400	\$16,200	\$32,400	\$108,000
Materials	\$39,600	\$10,800	\$21,600	\$72,000
Customer Side of the Meter Work				
Outside Services – Engineering	\$545,919	\$180,935	\$389,541	\$1,116,395
Outside Services – Construction	\$534,600	\$145,800	\$291,600	\$972,000
Materials	\$356,400	\$97,200	\$194,400	\$648,000
Project Management of Capital Projects ³	\$304,145	\$145,481	\$152,513	\$602,139

Outside Services – Engineering	\$519,332	\$142,242	\$267,617	\$929,191
AFUDC	\$0	\$0	\$0	\$0
Total Capital	\$2,384,253	\$744,658	\$1,361,671	\$4,490,582
O&M ³	\$208,892	\$91,604	\$96,550	\$397,046
Total Cost*	\$2,593,145	\$836,262	\$1,458,221	\$4,887,628

* Totals may not add exactly due to rounding.

¹ Based on January 2024 overhead rates.

² Pilot costs in Table 2 are presented in accordance with the Company’s normal budgeting cost categories, specifically, capital vs. O&M. However, in accordance with Order No. 37865 (“Order 37865”), issued on July 9, 2021, in Docket No. 2018 0088, which approved the Pilot Process, innovation pilot project costs are treated as deferred costs and recovered the following year, subject to the Commission’s review of the annual spring revenue report. See Order 37865 at 8-11.

³ Pilot costs include incremental labor expenses and direct overheads (i.e., payroll taxes, employee benefits and non-productive wages) for a product manager and a contract manager.

⁴ Consists of incremental internal labor, and leverages existing expertise to install utility infrastructure.

At the time the Application was filed, the Company anticipated enrollment of 30 sites.

The Company later learned that outside services engineering costs⁵ for site evaluations and design would be higher than originally anticipated, thereby reducing the number of sites the Pilot could accommodate within the approved budget from 30 to 20 sites. Customer side of the meter work includes design, construction, and material costs for trenching and conduit between the transformer and meter consistent with the Company’s response to PUC-HECO-IR-01.

Subsequent to the filing of the Application, the Company also determined that a larger portion of make-ready infrastructure would be considered on the customer side of the meter than originally budgeted, and as a result, utility side of the meter costs have decreased, while customer side of the meter costs have increased.

⁵ Engineering costs are not included in the \$90,000 construction and material cost cap per participant.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAI'I

In the Matter of

PUBLIC UTILITIES COMMISSION

Instituting a Proceeding Relating to an
Innovative Pilot Process for the Hawaiian
Electric Companies.

DOCKET NO. 2022-0212

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document, together with this Certificate of Service, were duly served on the following party, by electronic mail service as set forth below:

Michael S. Angelo
Executive Director
Division of Consumer Advocacy
Department of Commerce and Consumer Affairs
mangelo@dcca.hawaii.gov
consumeradvocate@dcca.hawaii.gov

DATED: Honolulu, Hawai'i, February 22, 2024.

/s/ Kyle Kawata
Kyle Kawata
HAWAIIAN ELECTRIC COMPANY, INC.