

HAWAII PUBLIC UTILITIES COMMISSION
465 SOUTH KING STREET, ROOM 103
HONOLULU, HAWAII 96813
Phone: (808) 586-2020 Fax: (808) 586-2066
Email: Hawaii.PUC@hawaii.gov
Website: <http://puc.hawaii.gov/>

NEWS RELEASE

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Hawai'i Public Utilities Commission Denies Hawaiian Electric Company, Inc.'s Request to Approve its Biodiesel Supply Contract with Imperium Services, LLC

HONOLULU – Today, the Hawai'i Public Utilities Commission (Commission) issued an order denying the Hawaiian Electric Company, Inc.'s (HECO) request to approve a Biodiesel Supply Contract with Imperium Services, LLC (Imperium), and a Terminalling and Trucking Agreement with Aloha Petroleum, Limited. (Aloha Petroleum).

The biodiesel supply contract between HECO and Imperium originally provided that Imperium would build a local refinery, which would supply biodiesel to fuel HECO's new 110 megawatt generating plant at Campbell Industrial Park on O'ahu. However, HECO and Imperium later amended the contract to have Imperium import biodiesel from a refinery on the West Coast, which resulted in higher costs to HECO and its customers since HECO would also be required to incur additional costs to transport the imported biodiesel to its generating plant through a new terminalling and trucking agreement with Aloha Petroleum.

The Commission concluded that the biodiesel supply contract between HECO and Imperium placed too much of the additional risks and costs on HECO, which would pass those costs on to its electricity customers. Accordingly, the Commission found that HECO failed to prove that the biodiesel supply contract with Imperium is reasonable, prudent and in the public interest. Similarly, the Commission determined that the terminalling and trucking agreement with Aloha Petroleum, without a corresponding biodiesel supply contract, is currently unnecessary, and therefore, neither prudent nor in the public interest.

"The Commission remains strongly supportive of biofuels and other renewable energy resources, and in fact, the Commission has required the use of biofuels in this new generating unit," said Chairman Carlito Caliboso.

The decision today is not intended to reflect unfavorably on biodiesel or the proposed biodiesel feedstock; rather, the Commission's decision is solely based upon the lack of a showing that the contract with Imperium, the costs of which would be passed directly to the ratepayers, is reasonable and in the public interest. The Commission has an obligation to ensure that, in obtaining biofuels, the pricing and terms are reasonable and in the public interest.

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For more information, contact:

Carlito P. Caliboso, Chairman
Jodi L. K. Yi
Public Utilities Commission
(808) 586-2020