

No. 11-02, and also the relevant parts of the record in the commission's decoupling docket, Docket No. 2008-0274. After further balancing the policy implications underlying both positions, the commission agrees with the Consumer Advocate's approach, which reduces, but does not entirely eliminate regulatory lag, and is administratively simpler to implement.

Thus, to further clarify, the Target Revenues applied monthly in the RBA Tariff shall not be retroactively adjusted as a result of later amendments to Authorized Base Revenues or the RAM Revenue Adjustment. The Authorized Base Revenues and RAM Revenue Adjustment ordinarily approved starting June 1 of a RAM Period shall not be applied to the RBA Tariff in the RAM Period months prior to June 1.

With the exception of Attachment 5, HECO's revisions to Transmittal No. 11-02 that were filed on May 10, 2011, in response to the Consumer Advocate's SOP, are reasonable. Accordingly, the commission directs HECO to file, by May 26, 2011, an amended proposed RBA Tariff revision and supporting attachments for the commission's review and approval based on the May 10, 2011 filing, but incorporating revisions consistent with this Order.² In addition, as a part of this filing, the commission directs HECO to file exhibits clearly identifying the Authorized Base Revenue and RAM Revenue Adjustment amounts, as defined in the RBA and RAM Tariffs, and

²For example, the RAM adjustment in Attachment 2, page 1 of the May 10, 2011 filing should be revised to reflect a twelve-month period, rather than a ten-month period.

whether HECO is requesting approval of these amounts.

By this decision, the commission notes that it is not making policy determinations or establishing precedents regarding the application of the productivity offset on the authorized labor expenses associated with merit employees' wages and salaries in calculating the RAM, or on the inclusion of labor adjustments for non-merit employees in the RAM. The commission, in its discretion, may more closely scrutinize these issues in future proceedings.

DONE at Honolulu, Hawaii MAY 20 2011.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By Hermina Morita
Hermina Morita, Chair

By Carlito P. Caliboso
Carlito P. Caliboso, Commissioner

APPROVED AS TO FORM:

Kaiulani Kidani Shinsato
Kaiulani Kidani Shinsato
Commission Counsel

By John E. Cole
John E. Cole, Commissioner

CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail, postage prepaid, and properly addressed to the following parties:

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