

BEFORE THE PUBLIC UTILITIES COMMISSION

**FILED**

OF THE STATE OF HAWAII

2013 MAY -1 P 4:06

In the Matter of the Application of )  
 )  
 MAUI ELECTRIC COMPANY, LIMITED )  
 )  
 For approval to modify the Revenue Balancing )  
 Account ("RBA") Provision and Rate Adjustment )  
 Mechanism Provision Tariffs )  
 )  
 )  
 )

PUBLIC UTILITIES  
 COMMISSION  
 Transmittal No. 13-04 (Decoupling)

Effective  
 Date: June 1, 2013

I

Maui Electric Company, Limited ("MECO," "Applicant" or "Company") files this transmittal to revise its Revenue Balancing Account ("RBA") Provision tariff and its Rate Adjustment Mechanism ("RAM") Provision tariff. In this transmittal the Company proposes to include language in its tariffs to (1) reflect the modification and effective dates of target revenues required in the event that there is a need to correct errors in previously filed RAM Revenue Adjustments or to incorporate adjustments due to subsequent decision and orders issued by the Commission which change the basis of previously calculated RAM Revenue Adjustments and (2) reflect the provisions resulting from the Stipulated Settlement (hereinafter defined) approved in the Commission's *Order No. 31126 Approving, with Clarifications, Stipulated Settlement Agreement, Filed on January 28, 2013* ("Order No. 31126"), dated March 19, 2013 in Docket No. 2008-0083 (Hawaiian Electric's 2009 test year rate case). MECO calculated its proposed RBA Rate Adjustment, filed in Tariff Transmittal 13-01 to be effective June 1, 2013, to include the net recoverable costs of the Customer Information System ("CIS") project not already included in rates, as set forth in the Stipulated Settlement.

Over the course of the past few months, the Company has been engaged in a number of discussions with the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs ("Consumer Advocate") and the Commission staff regarding the changes proposed in this transmittal. The Consumer Advocate has reviewed the Company's proposed changes and revisions to further refine and clarify the RBA and RAM tariff language and does not object to these changes.

## II

MECO, whose principal place of business and whose administrative offices are located at 210 West Kamehameha Avenue, Kahului, Hawaii, is a corporation duly organized under the laws of the Territory of Hawaii on or about April 28, 1921, and is now existing under and by virtue of the laws of the State of Hawaii. MECO is an operating public utility engaged in the production, purchase, transmission, distribution and sale of electricity on the Islands of Maui, Lanai and Molokai.

## III

Correspondence and communications in regard to this Transmittal No. 13-04 are to be addressed to:

Dean K. Matsuura  
Manager, Regulatory Affairs  
Hawaiian Electric Company, Inc.  
P. O. Box 2750  
Honolulu, Hawaii 96840

## IV

MECO seeks Commission authorization of this tariff transmittal pursuant to Sections 6-61-111, 6-61-74, 6-61-75, and 6-61-86 of the *Rules of Practice and Procedure before the Public Utilities Commission*, Hawaii Administrative Rules ("HAR"), Title 6, Chapter 61.

V

Pursuant to HAR §6-61-76, MECO incorporates by reference its latest available balance sheet and income statement for the twelve months ending February 28, 2013 that it filed with the Commission on March 28, 2013.

VI

Decoupling Procedural History

On May 2, 2012, the Commission issued *Decision and Order No. 30365* ("Order No. 30365") in MECO's 2010 test year rate case, Docket No. 2009-0163, authorizing MECO to implement the decoupling mechanism that the Commission approved in the Final Decoupling Order in Docket No. 2008-0274, and allowing the Company's revised tariff sheets and rate schedules to go into effect within two business days (May 4, 2012).<sup>1</sup> On May 10, 2012, MECO filed a letter informing the Commission that it was not proposing a 2012 RBA Rate Adjustment at that time as it was anticipated that, according to the approved procedural schedule in MECO's 2012 test year rate case (Docket No. 2011-0092),<sup>2</sup> the Commission would shortly issue an interim decision in that rate case that would reset the 2012 RBA target revenue and set the RBA Rate Adjustment to zero.<sup>3</sup> Instead, MECO submitted schedules and workpapers in support of a 2012 RBA Rate Adjustment for informational purposes only and stated that it intended to file an RBA Rate Adjustment starting in 2013.<sup>4</sup> On May 21, 2012, the Commission issued Interim Decision and Order No. 30396 ("Interim D&O 30396") in MECO's 2012 test year rate case

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<sup>1</sup> In Order No. 30365, page 110, the Commission conditioned the approved revised tariff sheets and rate schedules on MECO filing its revised tariffs sheets and rate schedules with the applicable issued and effective dates, which MECO filed on May 3, 2012 and May 4, 2012 (corrected tariff sheet).

<sup>2</sup> Refer to *Order No. 30328 Approving Parties' Request for Extension of Time to File Joint Settlement Letter and Statement of Probable Entitlement*, April 16, 2012 in Docket No. 2011-0092.

<sup>3</sup> On May 21, 2012 the Commission issued *Interim Decision and Order No. 30396* in Docket No. 2011-0092 in MECO's 2012 test year rate case.

<sup>4</sup> Refer to MECO's letter, *Docket No. 2009-0163 – MECO 2010 Test Year Rate Case MECO 2012 RBA Rate Adjustment (for Informational Purposes Only)*, dated May 10, 2012.

which granted interim rate relief as set forth in Attachment 1A of the Parties' revised Updated Joint Statement of Probable Entitlement, filed on May 14, 2012. The interim rates authorized in Interim D&O 30396 became effective on June 1, 2012.<sup>5</sup>

On March 28, 2013, MECO filed its first annual decoupling filing in Transmittal No. 13-01 for an RBA Rate Adjustment, effective June 1, 2013 through May 31, 2014 and reflects the provisions of the Stipulated Settlement as described below.

## VII

### Stipulated Settlement Regarding Certain Regulatory Matters

On January 28, 2013, the Hawaiian Electric Companies<sup>6</sup> and the Consumer Advocate filed their *Stipulated Settlement Agreement between the Hawaiian Electric Companies and the Division of Consumer Advocacy regarding Certain Regulatory Matters* ("Stipulated Settlement") in Docket No. 2008-0083 which, among other things, included the following<sup>7</sup>:

- The Hawaiian Electric Companies will write-off, for accounting and ratemaking purposes, \$40 million of costs in lieu of conducting the regulatory audits of the Campbell Industrial Park Combustion Turbine Unit 1 ("CIP CT-1") and the CIS projects ordered in the *Order Approving Consumer Advocate's Recommendations regarding Focused Regulatory Audits*, issued on May 2, 2011 in Docket No. 2008-0083.<sup>8</sup> For purposes of accounting for the Stipulated Settlement, the entire write-off (\$29 million for Hawaiian

<sup>5</sup> Refer to MECO's letter, *Docket No. 2011-0092 – MECO 2012 Test Year Rate Case MECO Revised Tariff Sheets for Interim Rate Increase*, dated May 29, 2012.

<sup>6</sup> The "Hawaiian Electric Companies" or the "Companies" are Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc. ("HELCO") and MECO.

<sup>7</sup> The Stipulated Settlement also provides that: (1) HELCO will withdraw its 2013 test year rate case (Docket No. 2012-0099) and will submit annual RBA/RAM rate adjustment filings rolling forward the base year information from the prior HELCO rate case (Docket No. 2009-0164) and will not file a rate case until its 2016 test year rate case and (2) Hawaiian Electric will delay the filing of its 2014 test year rate case to file no earlier than January 2, 2014, and the Consumer Advocate will recommend that Hawaiian Electric be granted a waiver of HAR §6-61-87(4) that would enable Hawaiian Electric to file in 2014 a rate case application using a 2014 test year.

<sup>8</sup> This write-off amount is in addition to all credits received from the Hawaiian Electric Companies' prior CIS vendor, which credits have already been used to reduce the capitalized costs of the CIS project.

Electric, and \$5.5 million each for HELCO and MECO) will be adjusted as part of the cost of the CIS project. The remaining net recoverable costs of CIP CT-1 and the CIS projects would be included in rate base as of December 31, 2012.

- The Hawaiian Electric Companies will include the net recoverable costs of the CIP CT-1 and the CIS projects not already included in rates in the calculation of their 2013 RAM Revenue Adjustments. The Consumer Advocate will support recovery through the decoupling mechanisms in 2013 and the years thereafter and recovery in the Hawaiian Electric, HELCO and MECO rate cases for the allowed portion of the CIP CT-1 (Hawaiian Electric only) and CIS project costs in excess of the costs previously included in rate base, along with related accumulated depreciation, accumulated deferred income taxes, unamortized ITC, unamortized deferred CIS costs, the unamortized regulatory assets related to the carrying charges and deferred depreciation, as well as related project depreciation and regulatory asset amortization expenses. Recovery of the CIS costs through the RAM Revenue Adjustment mechanism was for the sole purpose of the Stipulated Settlement and did not constitute a precedent for the recovery of software costs through the RAM Revenue Adjustment mechanism.
- MECO and the Consumer Advocate will continue to support the *Parties' Stipulated Settlement Letter* ("Parties' Stipulated Settlement Letter") filed on April 20, 2012 in the MECO 2012 test year rate case (Docket No. 2011-0092),<sup>9</sup> including issues related to, among other things, decoupling.
- Through calendar year 2016, the Hawaiian Electric Companies and the Consumer Advocate will recommend and support continuation of the Companies' existing recovery

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<sup>9</sup> MECO's and the Consumer Advocate's stipulated settlement is reflected in the *Parties' Stipulated Settlement Letter*, filed on April 20, 2012 and the *Parties' Revised Updated Stipulated Settlement Letter*, filed on May 14, 2012.

mechanisms, including the decoupling RBA and RAM, as well as the temporary acceleration of accrual of Hawaiian Electric's RAM Revenue Adjustment and the agreement to recover CIS costs through the RAM Revenue Adjustment described above.

On January 31, 2013, the Department of Defense stated that it did not object to the Stipulated Settlement.

On March 19, 2013, the Commission issued Order No. 31126 approving the Stipulated Settlement with certain clarifications.

## VIII

The RBA Rate Adjustment proposed in Tariff Transmittal 13-01 is consistent with the Stipulated Settlement and Order No. 31126 described above. However, further tariff clarifications are required as reflected in this instant tariff transmittal.

### The RBA Provision Tariff<sup>10</sup>

The proposed revisions to the Company's existing RBA tariff provision clarifies the procedures to correct any errors in previously calculated RAM Revenue Adjustments or to change the RAM Revenue Adjustment as a result of subsequently issued Commission orders. Section B of the proposed RBA tariff (Revised Sheet Nos. 97A for Maui Division, 108A for Lanai Division and 152A for Molokai Division) expands the definition of the target revenue to clarify that it is composed of the most recent test year general rate case revenue authorized by the Commission, excluding: (1) revenues for fuel and purchased power expenses; (2) revenues that are being separately tracked or recovered through any other surcharge or rate tracking mechanism; and (3) applicable revenue taxes. The target revenue definition clarifies that the

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<sup>10</sup> The RBA Rate Adjustments shown on Revised Sheet Nos. 97D for Maui Division, 108D for Lanai Division and 152D for Molokai Division were proposed in Transmittal No. 13-01 to be effective June 1, 2013. During discussions, the Consumer Advocate recommended and the Company agreed to make additional tariff changes clarifying the start of the tracking and recording of RBA revenues in Section A of the RBA Provision tariff (Revised Sheet Nos. 97, 108 and 152 for Maui, Lanai and Molokai Divisions).

target revenue includes any effective RAM Revenue Adjustment calculated under the RAM Provision tariff, less any applicable Earnings Sharing Revenue Credits or Major and Baseline Project Credits as calculated under the RAM Provision tariff.

Also in Section B, the proposed RBA Provision tariff specifically addresses the circumstances when the Company's target revenue must be changed due to the RAM Revenue Adjustment being recalculated due to an error or as a result of Commission orders that change the basis of previously calculated RAM Revenue Adjustments. For target revenue changes due to errors in prior RAM Revenue Adjustment calculations, the proposed additions to the tariff specifically state that the target revenue will be changed, effective as of the date that the corrected information would have been reflected in the calculation of RAM Revenue Adjustment. Target revenue changes that are due to subsequent Commission orders are effective as of the effective date of tariff rates that are implemented pursuant to the subsequently issued Commission order. The Commission and Consumer Advocate will be notified of the target revenue revisions or corrections prior to implementation by the Company. The Consumer Advocate is allowed to comment on the target revenue changes in its Statement of Position on the subsequent annual March decoupling filing.

The modified Sections D and E (Revised Sheet No. 97C and Sheet No. 97D for Maui Division, Revised Sheet No. 108C and Sheet No. 108D for Lanai Division and Revised Sheet No. 152C and Sheet No. 152D for Molokai Division) also clarify that the RBA Rate Adjustment will remain unchanged during the recovery period unless modification is required by order or approval of the Commission. Thus, although the RAM Revenue Adjustment and the target revenue may change with the correction of an error or subsequent Commission order, the billing rate to customers will remain unchanged until the following recovery period beginning June 1

through May 31, unless ordered or approved by the Commission. Section F, the Notice section, is unchanged from what is reflected in the current tariff as Section G (Sheet Nos. 97D, 108D and 152D for Maui, Lanai and Molokai Divisions).

Section G is the new section (Sheet Nos. 97D, 108D and 152D for Maui, Lanai and Molokai Divisions) that recognizes the Stipulated Settlement provisions, where appropriate, as approved by the Commission and discussed above. Section H, the Commission's Authority section, is unchanged from what is reflected in the current tariff as Section G (Sheet Nos. 97D, 108D and 152D).

#### RAM Provision Tariff

The proposed changes to the RAM Provision in the Evaluation Procedures section (Revised Sheet Nos. 96G for Maui Division, 107G for Lanai Division and 151G for Molokai Division) describe the recalculation of the RAM Revenue Adjustment for errors in prior calculations and for subsequent Commission orders that change the basis of prior calculations. Also, the proposed tariff changes in the Purpose section (Sheet Nos. 96, 107 and 151 for Maui, Lanai and Molokai Divisions) clarify that the RAM Revenue Adjustment for a RAM period calendar year will terminate on the effective date of tariff rates that implement a Commission decision and order for that test year. Further, the proposed changes in the Definitions section (Revised Sheet Nos. 96A, 107A and 151A for Maui, Lanai and Molokai Divisions) and the RAM Period RAM Revenue Adjustment section (Revised Sheet Nos. 96E and 96G for Maui Division, 107E and 107G for Lanai Division and 151E and 151G for Molokai Division) also clarify that the components that provide the basis for the RAM Revenue Adjustment calculation will be based on certain components approved by the Commission in the "last issued Decision & Order in the Company's most recent test year general rate case".



The new Settlement Agreement section (Revised Sheet No. 96H, 107H and 151H for Maui, Lanai and Molokai Divisions) addresses the implementation of the Stipulated Settlement discussed above. It states that MECO will include the recoverable costs of the CIS project, net of the stipulated and Commission-approved project cost write-downs.

## IX

In Attachment 1 of this tariff transmittal, MECO submits its proposed RBA tariff revisions and RAM tariff revisions in blackline version. (The blackline version of the RBA and RAM tariff revisions for Maui, Lanai and Molokai Divisions are provided as Attachments 1A, 1B and 1C.) Attachment 2 provides the clean version of the RBA Provision tariff and the RAM Provision tariff. (The clean version of the RBA and RAM tariff revisions for Maui, Lanai and Molokai Divisions are provided as Attachments 2A, 2B and 2C.) The Commission's consultant, the Consumer Advocate and the Company have worked diligently on developing the proposed changes to the tariffs as reflected in this transmittal.

WHEREFORE, MECO respectfully gives not less than 30 days' notice as required by law and requests that its proposed revisions to the RBA Provision and RAM Provision be allowed to become effective on June 1, 2013.

DATED: Honolulu, Hawaii, May 1, 2013.

MAUI ELECTRIC COMPANY, LIMITED

By: Patsy H. Nanbu  
Patsy H. Nanbu  
Vice President

# ATTACHMENT 1A

Superseding Sheet No. 50D  
Effective May 1, 2013  
~~17, 2012~~

REVISED SHEET No. 50D  
Effective June 1,  
~~2013~~November 1, 2012

MAUI DIVISION  
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
91.1	"TOU-G"	May 4, 2012	Small Commercial Time-of-Use
91.1A	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
91.1B	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
92.1	"TOU-J"	May 4, 2012	Commercial Time-of-Use
92.1A	"TOU-J"	January 12, 2011	Commercial Time-of-Use
92.1B	"TOU-J"	May 4, 2012	Commercial Time-of-Use
93.1	"TOU-P"	May 4, 2012	Large Power Time-of-Use
93.1A	"TOU-P"	January 12, 2011	Large Power Time-of-Use
93.1B	"TOU-P"	May 4, 2012	Large Power Time-of-Use
94-94E	"FIT"	December 30, 2011	Schedule FIT Tier 3
94.1-	"FIT"	December 30, 2011	Schedule FIT Tier 3
94.1DX			Agreement
94.2-	"FIT"	December 30, 2011	Schedule FIT Tier 3 Queuing
94.2E			and Interconnection Proc.
95	"PPAC"	<del>November 1,</del> <u>2012</u> <u>May 1, 2013</u>	Purchase Power Adjustment Clause
95A	"PPAC"	<del>November 1,</del> <u>2012</u> <u>May 1, 2013</u>	Purchase Power Adjustment Clause
95B	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
96	"RAM"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Rate Adjustment Mechanism Provision
96A	"RAM"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Rate Adjustment Mechanism Provision
96B	"RAM"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Rate Adjustment Mechanism Provision
96C	"RAM"	May 4, 2012	Rate Adjustment Mechanism Provision
96D	"RAM"	May 4, 2012	Rate Adjustment Mechanism Provision
96E	"RAM"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Rate Adjustment Mechanism Provision
96F	"RAM"	May 4, 2012	Rate Adjustment Mechanism

MAUI ELECTRIC COMPANY, LIMITED

| Transmittal Letter Dated ~~October 29, 2012~~May 1, 2013.

96G	"RAM"	<del>May 4, 2012</del> <u>June</u> <u>1, 2013</u>	Provision Rate Adjustment Mechanism Provision
96H	"RAM"	<del>May 4, 2012</del> <u>June</u> <u>1, 2013</u>	Rate Adjustment Mechanism Provision

MAUI ELECTRIC COMPANY, LIMITED

| Transmittal Letter Dated ~~October 29, 2012~~May 1, 2013.

Superseding Sheet No. 50E  
Effective June 1, 2012~~May 4,~~  
~~2012~~

REVISED SHEET No. 50E  
Effective June 1, 2013~~June 1,~~  
~~2012~~

MAUI DIVISION  
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
97	"RBA"	<u>May 4, 2012</u> <del>June</del> <u>1, 2013</u>	Revenue Balancing Account Provision
97A	"RBA"	<u>June 1, 2012</u> <del>June</del> <u>1, 2013</u>	Revenue Balancing Account Provision
97B	"RBA"	<u>May 4, 2012</u> <del>June</del> <u>1, 2013</u>	Revenue Balancing Account Provision
97C	"RBA"	<u>May 4, 2012</u> <del>June</del> <u>1, 2013</u>	Revenue Balancing Account Provision
97D	"RBA"	<u>June 1, 2013</u>	<u>Revenue Balancing Account</u> <u>Provision</u>

MAUI ELECTRIC COMPANY, LIMITED

~~Docket No. 2011-0092; Interim Decision and Order 30396, filed May 21,~~  
~~2012.~~  
Transmittal Letter Dated ~~May 29, 2012~~May 1, 2013.

Superseding Sheet No. 96  
Effective May 4, 2012  
4, 2012

REVISED \_\_\_\_\_ SHEET NO. 96  
Effective June 1, 2013 May

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

This mechanism is subject to review and continuation, termination or modification in the utility's next base rate case proceeding, upon a showing by the utility and finding by the Commission that continuation or modification is appropriate. As part of its submitted testimony in the base rate case, the Company will include a summary report on the status of certain HCEI initiatives. The RAM mechanism is designed to determine the change in annual utility base revenue levels, recognizing certain estimated changes in the utility's cost to provide service. If, through the application of this mechanism, it is determined that annual utility base revenues should be decreased or increased, then the RAM Revenue Adjustment will be applied within the Revenue Balancing Account Provision. The RAM Revenue Adjustment established for a RAM Period calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that are implemented pursuant to a Commission Decision & Order for that test year. ~~remain in effect until the Commission approves a base revenue level in the Company's test year rate application.~~

Definitions

- a) The Annual Evaluation Date shall be the Date the Company will make its annual filing under this mechanism. The Annual Evaluation Date shall be no later than March 31st of each year, commencing March 31, 2012.
- b) The Evaluation Period is defined as the historical twelve month period ending December 31, of each calendar year preceding the Annual Evaluation Date. The Evaluation Period is used solely to determine achieved earnings and any sharing of such earnings above the Authorized Return on Equity.
- c) The RAM Period is defined as the calendar year containing the Annual Evaluation Date.
- d) The Labor Cost Escalation Rate shall be the applicable annual percentage general wage rate increase provided for in currently effective union labor agreements for use in escalating wage and salary Base Expenses for union employees to determine the RAM Revenue Adjustment for each RAM Period. In the event no union labor agreement exists for a RAM Period, the most recently effective annual general percentage increase rate shall apply.

MAUI ELECTRIC COMPANY, LTD.

~~Docket No. 2009-0163, Decision and Order No. 30365, Filed May 2, 2012.~~  
Transmittal Letter Dated May 3, 2012 May 1, 2013.

Superseding Sheet No. 96A  
96A

REVISED ———— SHEET NO. |

Effective May 4, 2012  
~~2013 May 4, 2012~~

Effective June 1, |

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

e) The Non-labor Cost Escalation Rate shall be the consensus estimated annual change in the Gross Domestic Product Price Indicator ("GDPPI") to escalate non-labor Base Expenses to determine the RAM Revenue Adjustment for each RAM Period. The GDPPI escalation rate shall be the consensus projection published by the Blue Chip Economic Indicators (Aspen Publishing) each February for the current RAM Period. In the event that the Blue Chip Economic Indicators forecast of the GDPPI is not available, the Consumer Advocate, Company, and other parties to the most recent rate case, with approval of the Commission, shall jointly select an alternative data source, or national economic index similar to GDPPI, as appropriate.

f) The annual Labor Productivity Offset shall be fixed at 0.76 percent (76/100 of one percent) and will be subtracted from the Labor Cost Escalation Rates applicable to Base Expenses to determine the authorized RAM Revenue Adjustment for each RAM Period.

g) The Base Expenses shall be the labor and non-labor operations and maintenance expense amounts approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. ~~most recently completed rate case where the test year was the Evaluation Period, or alternatively as approved by the Commission for the immediately preceding year Rate Adjustment Mechanism results if the Evaluation Period was not a test year.~~ Base Expenses shall not include any fuel, purchased power, IRP/DSM, pension, Other Post-Employment Benefits ("OPEB"), or Clean Energy/Renewable Energy Infrastructure or any costs that are subject to recovery through separate rate tracking mechanisms.

h) The Major Capital Projects shall be those capital investment projects that require an application before and approval by the Commission under the Commission's General Order No. 7, but excluding those projects included in the Clean Energy Infrastructure Surcharge.

i) The Baseline Capital Projects shall be the total amounts of capital investment completed and closed to Plant in Service, excluding amounts related to Major Capital Projects.

j) The Return on Investment shall be the overall weighted percentage rate of return on debt and equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. ~~Company's most recently completed rate case.~~

MAUI ELECTRIC COMPANY, LTD.

~~Docket No. 2009-0163, Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter Dated ~~May 3, 2012~~ May 1, 2013. |

Superseding Sheet No. 96B  
96B

REVISED \_\_\_\_\_ SHEET NO.

Effective May 4, 2012  
~~2013 May 4, 2012~~

Effective June 1,

RATE ADJUSTMENT MECHANISM PROVISION (continued)  
Maui, Lanai, and Molokai Divisions

k) The Authorized Return on Equity shall be the overall weighted percentage rate of return on equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. ~~Company's most recently completed rate case.~~

l) The Exogenous Tax Changes shall be the changes in tax laws or regulations that are estimated to impact RBA Target Revenues by five hundred thousand dollars (\$500,000) or more.

m) The Rate Base shall be the average net investment estimated for the RAM Period, including each of the elements of rate base reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed in part (f) of Section 2 of the Rate Adjustment Mechanism.

n) The RAM Revenue Adjustment shall be the change in the annual amount of revenue required for the utility to recover the sum of the O&M RAM Adjustment, Depreciation & Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment, using the ratemaking conventions and calculations reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed herein.

o) The RAM Revenue Adjustment determined by this RAM Provision is to be recovered through the RBA Provision commencing on June 1 and over the subsequent 12 months after June 1.

p) Earnings Sharing Revenue Credits shall be the amounts to be returned to customers as credits through the Revenue Balancing Account ("RBA") Provision, so as to implement the earnings sharing percentages and procedures described herein, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

q) Major Capital Projects Credits shall be the amounts to be returned to customers through the Revenue Balancing Account Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific major capital projects that were not placed into service within the first nine months of the preceding RAM Period as expected. Because the Commission's review of the Major Capital Projects' actual costs incurred may not occur until the rate case after the RAM Revenue Adjustment for these Major Capital Projects is collected, Major Capital Projects Credits (including interest)

MAUI ELECTRIC COMPANY, LTD.

~~Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter Dated May 3, 2012 May 1, 2013.



Superseding Sheet No. 96B REVISED SHEET NO.  
96B  
Effective May 4, 2012 Effective June 1,  
~~2013~~~~May 4, 2012~~

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

will be returned to customers for the amount of Major Capital Projects costs that the Commission disallows for cost recovery. The Major Capital Projects Credits are to be refunded through the

MAUI ELECTRIC COMPANY, LTD.

~~Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2,~~  
~~2012.~~  
Transmittal Letter Dated May 3, 2012 May 1, 2013.

SHEET NO. 96C  
Effective May 4, 2012

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

r) Baseline Capital Projects Credits shall be the amounts to be returned to customers through the RBA Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific baseline capital projects that are disallowed by the Commission in a subsequent rate case if the disallowance reduces actual Baseline Capital Projects costs below the Baseline Capital Projects cost estimate derived using the method identified in part (f)ii. of Section 2 of the Rate Adjustment Mechanism below. Because the Commission's review of baseline capital projects may not occur until the rate case after such baseline capital projects are included in one or more RAM Revenue Adjustment filings, Baseline Capital Projects Credits shall be used to refund to customers any prior collections (i.e., Return on Investment on Rate Base and Depreciation, plus interest) relating to the amount of Baseline Capital Projects costs that the Commission subsequently disallows for cost recovery. The Baseline Capital Projects Credits are to be refunded through the RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

Rate Adjustment Mechanism

The Company shall file with the Commission, the Consumer Advocate and each party to the Company's most recent rate case proceeding, the schedules specified below:

Evaluation Period Earnings Sharing:

1. For the twelve month period ending December 31, of each year (the "Evaluation Period"), with the filing to be made no

MAUI ELECTRIC COMPANY, LTD.

Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.  
Transmittal Letter Dated May 3, 2012.

SHEET No. 96D  
Effective May 4, 2012

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

later than March 31, of the year following the conclusion of the Evaluation Period. The schedules will include the following:

- a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, and other components of income for return, revenues, and capital structure, cost of debt, overall cost of capital, and return on common equity in the format set forth in the final order establishing the Company's latest effective rates.
- b) All applicable accounting and pro forma adjustments historically required in annual reports filed with the Commission.
- c) Pro-forma adjustments to remove from recorded revenues any out-of-period Earnings Sharing Revenue Credits or Major Capital Projects Credits recorded during the Evaluation Period, and
- d) A calculation comparing the achieved return on average common equity to the following earnings sharing grid, and indicating the Earnings Sharing Revenue Credit that should be recorded within the Revenue Balancing Account to effect the prescribed sharing of earnings above authorized levels:

ROE at or below the Authorized ROE	Retained entirely by shareholders - no customer credits
First 100 basis points (one percent) over Authorized ROE	25% share credit to customers
Next 200 basis points (two percent) over Authorized ROE	50% share credit to customers
All ROE exceeding 300 basis points (three percent) over Authorized ROE	90% share credit to customers

RAM Period RAM Revenue Adjustment:

MAUI ELECTRIC COMPANY, LTD.

Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.  
Transmittal Letter Dated May 3, 2012.

Superseding Sheet No. 96E  
96E

REVISED ——— SHEET NO.

Effective May 4, 2012  
~~2013 May 4, 2012~~

Effective June 1,

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

- 2) The Company shall provide additional schedules indicating the following proposed RAM Revenue Adjustment calculations applicable for the RAM Period using the methodology set forth below:
  - a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:
    - i. The labor component shall be quantified for the RAM Period by application of the Labor Cost Escalation Rate, reduced to account for the Productivity Offset to labor expenses, including payroll taxes. The part of Base Expenses that represents labor costs for merit employees shall not be subject to application of the Labor Cost Escalation rate, nor be reduced by the Productivity Offset.
    - ii. The Non-labor components shall be quantified for the RAM Period by application of the Non-labor Escalation Rate to non-labor Base Expenses. Non-labor components shall exclude fuel, purchased power, pension/OPEBs, IRP/DSM or other rate adjustment provisions.
  - b) Depreciation and Amortization RAM Adjustment— shall be quantified for the RAM Period by application of Commission-approved accrual rates and methods to the actual recorded Plant in Service balances at the end of the Evaluation Period.
  - c) The Rate Base RAM - Return on Investment Adjustment shall be determined by multiplying the applicable Pretax Rate of Return— times the change in Rate Base. The Pretax Rate of Return shall include related income taxes on the equity components of the Return on Investment rate approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. such return. The quantification of Rate Base is specified in greater detail in part (f) of this Section 2.
  - d) The revenue impact of any Exogenous Tax Changes shall be included in the RAM Period calculation of the RAM Revenue Adjustment—.
  - e) Revenue taxes shall be adjusted to account for the change in parts (a) through (d) of this Section 2.
  - f) Rate Base for the RAM Period shall be quantified as follows:

MAUI ELECTRIC COMPANY, LTD.

~~Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter Dated ~~May 3, 2012~~ May 1, 2013.

SHEET NO. 96F  
Effective May 4, 2012

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

- i. Plant in Service, Accumulated Depreciation, Accumulated Deferred Income Taxes and Contributions in Aid of Construction ("CIAC") shall be a two-point average of actual recorded balance sheet data at December 31 of the Evaluation Period, plus projected values at December 31 of the RAM Period determined as prescribed in parts (ii) through (v), below.
- ii. Plant in Service shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period, the simple average of Baseline Capital Projects plant additions recorded in the immediately preceding five calendar years, plus the estimated cost of completed Major Capital Projects that are anticipated to be in service by September 30 of the RAM Period. The cost of Major Capital Projects shall be limited to the dollar amounts previously approved by the Commission, and shall be included at the level of recorded costs if recorded costs are lower than the budget amounts approved by the Commission, and the Commission has not yet reviewed the project costs in a rate case.
- iii. Accumulated Depreciation at December 31 of the RAM Period shall be quantified by increasing the recorded balances at December 31 of the Evaluation Period by the amount set forth in Section 2 part (b) above, consistent with rate-making treatment.
- iv. CIAC shall be quantified by adding to the recorded balance at December 31 of the Evaluation Period an estimate of the net change for the RAM Period. The net change shall be based on a simple average of cash and in-kind CIAC for the immediately preceding five calendar years for programs (i.e., numerous low cost capital projects) plus specific engineering estimates of any contributions for the Major Capital Projects anticipated to be in service by September 30 of the RAM Period.
- v. Accumulated Deferred Income Taxes shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period the estimated tax effect of the depreciation timing difference (i.e., difference between book depreciation and tax depreciation) on the Baseline Capital Projects and Major Capital Projects added to rate base during the RAM Period.

MAUI ELECTRIC COMPANY, LTD.

Superseding Sheet No. 96G  
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REVISED ———— SHEET NO.

Effective May 4, 2012  
4, 2012

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RATE ADJUSTMENT MECHANISM PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

- vi. Working Cash and all other elements of rate base not specifically addressed above shall be fixed at the dollar amount approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. ~~Decision & Order.~~ These elements of rate base shall be held constant until revised by a future Commission Decision & Order in a subsequent general rate case.

g.) See also Settlement Agreement section below.

Evaluation Procedures

Complete, indexed workpapers and electronic files supporting the RAM Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits Schedules shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, coincident with the Annual Evaluation Date filing. The Company will be prepared to provide— information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons. The Consumer Advocate, Other Rate Case Parties,—and other interested persons may propose any adjustments determined to be required to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

The RAM Revenue Adjustment, and any prior year RAM Revenue Adjustments, shall be recalculated for errors in prior calculations and for subsequent Commission orders that change the basis of prior calculations. The effect of such changes to the RAM Revenue Adjustment shall be implemented as described in the Revenue Balancing Account Provision.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before the June 1 effective date of the RBA Rate Adjustment described in the RBA Provision tariff, the RBA Rate Adjustment incorporating the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits shall go into effect on the June 1 effective date, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

Notice

MAUI ELECTRIC COMPANY, LTD.

~~Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter Dated May 3, 2012May 1, 2013.

Superseding Sheet No. 96G  
96G

REVISED \_\_\_\_\_ SHEET NO.

Effective May 4, 2012

Effective May 4, 2012

June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication

MAUI ELECTRIC COMPANY, LTD.

~~Docket No. 2009-0163, Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter Dated ~~May 3, 2012~~ May 1, 2013.

Superseding Sheet No. 96H  
96H

REVISED ——— SHEET NO.

Effective May 4, 2012  
~~4, 2012~~

Effective June 1, 2013~~May~~

RATE ADJUSTMENT MECHANISM PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

SETTLEMENT AGREEMENT

The provisions in this section are for the sole and limited purpose of implementing the Stipulated Settlement Agreement between the Hawaiian Electric Companies and the Division of Consumer Advocacy regarding Certain Regulatory Matters, filed in Docket No. 2008-0083, which the Commission approved in Order No. 31126, issued on March 19, 2013.

The Company will include in the Rate Base RAM - Return on Investment Adjustment and the Depreciation and Amortization RAM Expense Adjustment, in 2013 and subsequent years, the recoverable costs of the Customer Information System ("CIS") project, net of the Stipulated and Commission approved project cost write-downs and as otherwise provided for in the Stipulated Settlement Agreement. Recovery of the CIS costs through the RAM Revenue Adjustment is for the sole purpose of this settlement agreement and does not constitute a precedent for the recovery of any other software or regulatory asset deferred costs through the RAM Revenue Adjustment.

COMMISSION'S AUTHORITY

The Commission may suspend any or all parts of this Rate Adjustment Mechanism Provision. Such suspension shall remain in place until removed by Commission Order.

MAUI ELECTRIC COMPANY, LTD.

~~Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter Dated May 3, 2012~~May 1, 2013.~~



Superseding Sheet No. 97

REVISED \_\_\_\_\_

SHEET NO. 97

Effective May 4, 2012  
~~2012~~ June 1, 2013

Effective May 4,

REVENUE BALANCING ACCOUNT ("RBA") PROVISION  
Maui, Lanai, and Molokai Divisions

Supplement To:

- Schedule R - Residential Service
- Schedule G - General Service - Non-Demand
- Schedule J - General Service - Demand
- Schedule P - Large Power Service
- Schedule F - Public Street Lighting
- Schedule TOU-R - Residential Time-of-Use Service
- Schedule TOU-G - Small Commercial Time-of-Use Service
- Schedule TOU-J - Commercial Time-of-Use Service
- Schedule TOU-P - Large Power Time-of-Use Service
- Schedule SS - Standby Service
- Schedule TOU EV- Residential Time-of-Use Service with  
Electric Vehicle Pilot
- Schedule EV-R - Residential Electric Vehicle Charging  
Service Pilot
- Schedule EV-C - Commercial Electric Vehicle Charging  
Service Pilot

All terms and provisions of the above listed rate schedules are applicable except that the total base rate charges for each billing period shall be adjusted by the Revenue Balancing Account Rate Adjustments shown below:

A: PURPOSE:

The purpose of the Revenue Balancing Account ("RBA") is to record: 1) the difference between the Maui Electric Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision over the subsequent June 1<sup>st</sup> through May 31st period. Tracking of target revenue and recorded adjusted revenue ~~will commence~~ ~~commenced~~ on the effective date of the tariff that ~~implements~~ ~~implemented~~ the Final Decision and Order in Maui Electric Company's

MAUI ELECTRIC COMPANY, INC.

~~Docket No. 2009-0163, Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter dated ~~May 3, 2012~~ May 1, 2013.

~~SHEET No. 91A~~  
~~Effective~~

~~REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Cont)~~

2010 test year rate case, Docket No. 2009-0163, consistent with the Final Decision and Order in the Decoupling case, Docket No. 2008-0274.

MAUI ELECTRIC COMPANY, INC.

Docket No. 2009-0163; Decision and Order No. 30196, *Instructing the Parties To File An Updated Settlement Agreement*, Filed on February 13, 2012.

Transmittal Letter dated March 15, 2012.

Superseding Sheet No. 97A

REVISED SHEET NO. 97A

Effective June 1, 2012

Effective June 1,

2013 May 4, 2012

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

B: TARGET REVENUE:

For the purpose of the RBA, the target revenue is the annual electric revenue approved by the Public Utilities Commission in the last issued Decision & Order in the Company's most recent test year general rate case, excluding revenue for fuel and purchased power expenses that are recovered either in base rates or in a purchased power adjustment clause; excluding revenue being separately tracked or recovered through any other surcharge or rate tracking mechanism; and excluding amounts for applicable revenue taxes;

Plus: Any effective RAM Revenue Adjustment calculated under the RAM provision for years subsequent to the most recent rate case test year for which the Commission has issued a Decision & Order; and

Less: ~~most recent interim or final rate case decision, plus the accumulation of any subsequent RAM Revenue Adjustments calculated under the RAM Provision, less any Any applicable Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits calculated under the RAM provision. , adjusted to remove amounts for applicable revenue taxes. The target revenue will also exclude revenue for fuel and purchased power expenses that are recovered either in base rates or in a purchased power adjustment clause and exclude all revenue being separately tracked or recovered through any other surcharge or rate tracking mechanism.~~

The target revenue shall be revised to correct for any errors in the calculation of the RAM Revenue Adjustment for any previous period and for revisions to RAM Revenue Adjustments as a result of subsequent Commission orders that change the basis of previously calculated RAM Revenue Adjustments. to the extent that such errors are identified 15 days prior to the Annual implementation date specified in the RAM Provision. For any corrections of errors in previously calculated RAM Revenue Adjustments, the target revenue shall be adjusted as of the date that the corrected information would have been reflected in target revenue. For changes in the RAM Revenue Adjustment as a result of subsequently issued Commission orders, the target revenue shall be adjusted as of the effective date of tariff rates that are implemented pursuant to the subsequently issued Commission order.

The Commission and the Consumer Advocate will be notified of the target revenue revisions or corrections prior to implementation by the Company. There is no presumption that the target revenue changes

MAUI ELECTRIC COMPANY, INC.

Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.

Transmittal Letter dated May 3, 2012 May 1, 2013.

SHEET No. 97A  
Effective May 4, 2012

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

are ultimately warranted or correct. In the subsequent annual March 31 decoupling filing, the utility will have the burden to demonstrate that the interim changes are warranted and correctly applied. The Consumer Advocate will provide comments regarding the changes with its Statement of Position. The RBA balance and RBA Rate Adjustment for the following year will reflect any appropriate modifications to the change made by the utility in the prior year if necessary.

Monthly Allocation Factors for the Target Revenue are as follows:

MAUI ELECTRIC COMPANY, INC.

Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.

Transmittal Letter dated May 3, 2012.

Superseding Sheet No. 97B

REVISED SHEET NO. 97B

Effective May 4, 2012  
~~2013 May 4, 2012~~

Effective June 1,

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

January	8.29%
February	7.35%
March	8.28%
April	7.88%
May	8.38%
June	8.51%
July	8.87%
August	9.00%
September	8.34%
October	8.78%
November	8.19%
December	8.13%

Total 100.00%

These factors are based on the MWH sales forecast that is approved by the Commission in Maui Electric Company's 2012 test year rate case and shall be updated in any subsequent test year rate case.

C: BALANCING ACCOUNT ENTRIES:

Entries to the RBA will be recorded monthly. A debit entry to the RBA will be made equal to the target revenue as defined in Section B. above, times the appropriate monthly allocation factor in the table above. A credit entry to the RBA will be made equal to the recorded adjusted revenue. The recorded adjusted revenue is defined to include the electric sales revenue from authorized base rates, plus revenue from any authorized interim rate increase, plus revenue from any RBA rate adjustment, but excluding revenue for fuel and purchased power expenses, IRP/DSM, any Commission Ordered one-time rate refunds or credits or other surcharges, and adjusted to remove amounts for applicable revenue taxes.

Interest will be recorded monthly to the RBA by multiplying the simple average of the beginning and ending month balance in the RBA times the Interest Rate divided by 12. The Interest Rate shall be 6 percent.

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

At the Annual Evaluation Date provided in the Rate Adjustment Mechanism Provision, the Company will file with the Commission a statement of the previous calendar year-end balance in the RBA and

MAUI ELECTRIC COMPANY, INC.

~~Docket No. 2009-0163, Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter dated ~~May 3, 2012~~ May 1, 2013.

SHEET No. 97B  
Effective May 4, 2012

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions  
the RAM Revenue Adjustment for the current calendar year, along with  
supporting calculations.

MAUI ELECTRIC COMPANY, INC.

Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2,  
2012.  
Transmittal Letter dated May 3, 2012.

Superseding Sheet No. B97C

REVISED SHEET NO. 97B97C

Effective May 4, 2012  
~~2013 May 4, 2012~~

Effective June 1,

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

Both an amortization of the previous calendar year-end balance in the RBA, adjusted for any Earnings Sharing Revenue Credits or Major Capital Projects Credits, ~~or~~ Baseline Capital Projects Credits or corrections, and the RAM Revenue Adjustment will be recovered through a per-kWh RBA rate adjustment, over the 12 months from June 1 of the current calendar year to May 31 of the succeeding calendar year. The recovery through the RBA Rate Adjustment of a RAM Revenue Adjustment calculated for a calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that implement a Commission approved base revenue level authorized in the Company's test year rate case.

Revisions to Target Revenue based on corrections for errors and subsequently issued Commission orders, described in Section B above, will not be reflected in the RBA Rate Adjustment until a succeeding June 1 to May 31 period, unless otherwise ordered or approved by the Commission.

Complete, indexed workpapers and electronic files supporting the previous year-end balance in the RBA shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, coincident with the Annual Evaluation Date filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons. The Consumer Advocate, Other Rate Case Parties, and other interested persons may propose any adjustments determined to be required to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

MAUI ELECTRIC COMPANY, INC.

~~Docket No. 2009-0163, Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter dated ~~May 3, 2012~~ May 1, 2013.

Superseding Sheet No. 97C

REVISED \_\_\_\_\_

SHEET NO. 97C

Effective May 4, 2012  
~~2013 May 4, 2012~~

Effective June 1,

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before June 1st, the RBA Rate Adjustment shall go into effect on June 1st, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

The RBA Rate Adjustment is comprised of the calculated values from Section D above, adjusted to include amounts for applicable revenue taxes, and calculated. ~~The RBA rate adjustment is calculated based on the Company's forecast of mWh sales over the RBA Rate Adjustment recovery period.~~

The RBA Rate Adjustment shall remain unchanged during the recovery period unless further modification is required by order or approval of the Commission, except as specifically provided above.

Effective June 1, ~~2012-2013~~ to May 31, ~~2013~~2014

RBA Rate Adjustment

All Rate Schedules ..... \$0.8684. ¢/kWh

~~F: COMMISSION'S AUTHORITY~~

~~The Commission may suspend any or all parts of this Revenue Balancing Account Provision. Such suspension shall remain in place until removed by Commission Order.~~

FG. NOTICE

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

MAUI ELECTRIC COMPANY, INC.

~~Docket No. 2009-0163, Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter dated ~~May 3, 2012~~ May 1, 2013.



SHEET No. 97B97D  
Effective May 4,

~~2012~~ June 1, 2013

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

G. SETTLEMENT AGREEMENT

This section recognizes that provisions of the Stipulated Settlement Agreement between the Hawaiian Electric Companies and the Division of Consumer Advocacy regarding Certain Regulatory Matters, filed in Docket No. 2008-0083, which the Commission approved in Order No. 31126, issued on March 19, 2013 apply to the RBA Provision where appropriate.

HE: COMMISSION'S AUTHORITY

The Commission may suspend any or all parts of this Revenue Balancing Account Provision. Such suspension shall remain in place until removed by Commission Order.

MAUI ELECTRIC COMPANY, INC.

~~Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2,~~  
~~2012.~~

~~Transmittal Letter dated May 3, 2012~~ May 1, 2013.

## ATTACHMENT 1B

Superseding Sheet No. 50H  
Effective ~~May 4, 2012~~ ~~December 30, 2011~~  
~~June 1, 2013~~ ~~May 4, 2012~~

REVISED SHEET NO. 50H  
Effective \_\_\_\_\_

LANAI DIVISION

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
103.1	"TOU-G"	May 4, 2012	Small Commercial Time-of-Use
103.1A	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
103.1B	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
104.1	"TOU-J"	May 4, 2012	Commercial Time-of-Use
104.1A	"TOU-J"	January 12, 2011	Commercial Time-of-Use
104.1B	"TOU-J"	May 4, 2012	Commercial Time-of-Use
105.1	"TOU-P"	May 4, 2012	Large Power Time-of-Use
105.1A	"TOU-P"	January 12, 2011	Large Power Time-of-Use
105.1B	"TOU-P"	May 4, 2012	Large Power Time-of-Use
106	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
106A	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
106B	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
107	"RAM"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Rate Adjustment Mechanism Provision
107A	"RAM"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Rate Adjustment Mechanism Provision
107B	"RAM"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Rate Adjustment Mechanism Provision
107C	"RAM"	May 4, 2012	Rate Adjustment Mechanism Provision
107D	"RAM"	May 4, 2012	Rate Adjustment Mechanism Provision
107E	"RAM"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Rate Adjustment Mechanism Provision
107F	"RAM"	May 4, 2012	Rate Adjustment Mechanism Provision
107G	"RAM"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Rate Adjustment Mechanism Provision
107H	"RAM"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Rate Adjustment Mechanism Provision

RATE SCHEDULES (Continued)

MAUI ELECTRIC COMPANY, LIMITED

~~Socket No. 2009 0163; Decision and Order No. 30365, Filed May 2, 2012.~~  
~~Transmittal Letter Dated May 3, 2012~~ May 1, 2013.

Superseding Sheet No. 50I

REVISED SHEET NO. 50I

Effective ~~May 4, 2012~~ June 1, 2013  
~~2013 June 1, 2012~~

Effective June 1,

LANAI DIVISION  
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
108	"RBA"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Revenue Balancing Account Provision
108A	"RBA"	<del>June 1, 2012</del> <u>June 1, 2013</u>	Revenue Balancing Account Provision
108B	"RBA"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Revenue Balancing Account Provision
108C	"RBA"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Revenue Balancing Account Provision
<u>108D</u>	<u>"RBA"</u>	<u>June 1, 2013</u>	<u>Revenue Balancing Account Provision</u>

MAUI ELECTRIC COMPANY, LIMITED

Docket No. 2011-0092; Interim Decision and Order No. 30396, filed May 21, 2012.

Transmittal Letter Dated May 29, 2012.

Superseding Sheet No. 107 REVISED SHEET NO. 107  
Effective May 4, 2012 Effective June 1, 2013  
~~4, 2012~~ ~~May~~

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

This mechanism is subject to review and continuation, termination or modification in the utility's next base rate case proceeding, upon a showing by the utility and finding by the Commission that continuation or modification is appropriate. As part of its submitted testimony in the base rate case, the Company will include a summary report on the status of certain HCEI initiatives. The RAM mechanism is designed to determine the change in annual utility base revenue levels, recognizing certain estimated changes in the utility's cost to provide service. If, through the application of this mechanism, it is determined that annual utility base revenues should be decreased or increased, then the RAM Revenue Adjustment will be applied within the Revenue Balancing Account Provision. The RAM Revenue Adjustment established for a RAM Period calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that are implemented pursuant to a Commission Decision & Order for that test year. ~~remain in effect until the Commission approves a base revenue level in the Company's test year rate application.~~

Definitions

- a) The Annual Evaluation Date shall be the Date the Company will make its annual filing under this mechanism. The Annual Evaluation Date shall be no later than March 31st of each year, commencing March 31, 2012.
- b) The Evaluation Period is defined as the historical twelve month period ending December 31, of each calendar year preceding the Annual Evaluation Date. The Evaluation Period is used solely to determine achieved earnings and any sharing of such earnings above the Authorized Return on Equity.
- c) The RAM Period is defined as the calendar year containing the Annual Evaluation Date.
- d) The Labor Cost Escalation Rate shall be the applicable annual percentage general wage rate increase provided for in currently effective union labor agreements for use in escalating wage and salary Base Expenses for union employees to determine the RAM Revenue Adjustment for each RAM Period. In the event no union

MAUI ELECTRIC COMPANY, LTD.

~~Docket No. 2009-0163, Decision and Order No. 30365, Filed May 2,~~  
~~2012.~~  
Transmittal Letter Dated May 3, 2012 May 1, 2013.

SHEET NO.  
Effective

RATE ADJUSTMENT MECHANISM PROVISION (continued)

labor agreement exists for a RAM Period, the most recently effective annual general percentage increase rate shall apply.

MAUI ELECTRIC COMPANY, LTD.

Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.  
Transmittal Letter Dated May 3, 2012.

Superseding Sheet No. 107A

REVISED ——— SHEET NO. |

107A

Effective May 4, 2012

Effective June 1,

~~2013~~May 4, 2012

## RATE ADJUSTMENT MECHANISM PROVISION

Maui, Lanai, and Molokai Divisions

e) The Non-labor Cost Escalation Rate shall be the consensus estimated annual change in the Gross Domestic Product Price Indicator ("GDPPI") to escalate non-labor Base Expenses to determine the RAM Revenue Adjustment for each RAM Period. The GDPPI escalation rate shall be the consensus projection published by the Blue Chip Economic Indicators (Aspen Publishing) each February for the current RAM Period. In the event that the Blue Chip Economic Indicators forecast of the GDPPI is not available, the Consumer Advocate, Company, and other parties to the most recent rate case, with approval of the Commission, shall jointly select an alternative data source, or national economic index similar to GDPPI, as appropriate.

f) The annual Labor Productivity Offset shall be fixed at 0.76 percent (76/100 of one percent) and will be subtracted from the Labor Cost Escalation Rates applicable to Base Expenses to determine the authorized RAM Revenue Adjustment for each RAM Period.

g) The Base Expenses shall be the labor and non-labor operations and maintenance expense amounts approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. ~~most recently completed rate case where the test year was the Evaluation Period, or alternatively as approved by the Commission for the immediately preceding year Rate Adjustment Mechanism results if the Evaluation Period was not a test year.~~ Base Expenses shall not include any fuel, purchased power, IRP/DSM, pension, Other Post-Employment Benefits ("OPEB"), or Clean Energy/Renewable Energy Infrastructure or any costs that are subject to recovery through separate rate tracking mechanisms.

h) The Major Capital Projects shall be those capital investment projects that require an application before and approval by the Commission under the Commission's General Order No. 7, but excluding those projects included in the Clean Energy Infrastructure Surcharge.

i) The Baseline Capital Projects shall be the total amounts of capital investment completed and closed to Plant in Service, excluding amounts related to Major Capital Projects.

j) The Return on Investment shall be the overall weighted percentage rate of return on debt and equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. ~~Company's most recently completed rate case.~~

MAUI ELECTRIC COMPANY, LTD.

~~Docket No. 2009-0163, Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter Dated ~~May 3, 2012~~May 1, 2013.

Superseding Sheet No. 107B  
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~~2013 May 4, 2012~~

Effective June 1,

RATE ADJUSTMENT MECHANISM PROVISION (continued)  
Maui, Lanai, and Molokai Divisions

k) The Authorized Return on Equity shall be the ~~overall weighted percentage rate of return on equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. Company's most recently completed rate case.~~

l) The Exogenous Tax Changes shall be the changes in tax laws or regulations that are estimated to impact RBA Target Revenues by five hundred thousand dollars (\$500,000) or more.

m) The Rate Base shall be the average net investment estimated for the RAM Period, including each of the elements of rate base reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed in part (f) of Section 2 of the Rate Adjustment Mechanism.

n) The RAM Revenue Adjustment shall be the change in the annual amount of revenue required for the utility to recover the sum of the O&M RAM Adjustment, Depreciation & Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment, using the ratemaking conventions and calculations reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed herein.

o) The RAM Revenue Adjustment determined by this RAM Provision is to be recovered through the RBA Provision commencing on June 1 and over the subsequent 12 months after June 1.

p) Earnings Sharing Revenue Credits shall be the amounts to be returned to customers as credits through the Revenue Balancing Account ("RBA") Provision, so as to implement the earnings sharing percentages and procedures described herein, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

q) Major Capital Projects Credits shall be the amounts to be returned to customers through the Revenue Balancing Account Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific major capital projects that were not placed into service within the first nine months of the preceding RAM Period as expected. Because the Commission's review of the Major Capital Projects' actual costs incurred may not occur until the rate case after the RAM Revenue Adjustment for these Major Capital Projects is collected, Major Capital Projects Credits (including interest)

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~~Docket No. 2009-0163, Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter Dated ~~May 3, 2012~~ May 1, 2013.



Superseding Sheet No. 107A REVISED SHEET NO.  
107A  
Effective May 4, 2012 Effective June 1,  
2013~~May 4, 2012~~

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

will be returned to customers for the amount of Major Capital  
Projects costs that the Commission disallows for cost recovery.  
The Major Capital Projects Credits are to be refunded through the

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~~Docket No. 2009-0163, Decision and Order No. 30365, Filed May 2,~~  
~~2012.~~  
Transmittal Letter Dated ~~May 3, 2012~~ May 1, 2013.

SHEET NO. 107C  
Effective May 4, 2012

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

r) Baseline Capital Projects Credits shall be the amounts to be returned to customers through the RBA Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific baseline capital projects that are disallowed by the Commission in a subsequent rate case if the disallowance reduces actual Baseline Capital Projects costs below the Baseline Capital Projects cost estimate derived using the method identified in part (f)ii. of Section 2 of the Rate Adjustment Mechanism below. Because the Commission's review of baseline capital projects may not occur until the rate case after such baseline capital projects are included in one or more RAM Revenue Adjustment filings, Baseline Capital Projects Credits shall be used to refund to customers any prior collections (i.e., Return on Investment on Rate Base and Depreciation, plus interest) relating to the amount of Baseline Capital Projects costs that the Commission subsequently disallows for cost recovery. The Baseline Capital Projects Credits are to be refunded through the RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

Rate Adjustment Mechanism

The Company shall file with the Commission, the Consumer Advocate and each party to the Company's most recent rate case proceeding, the schedules specified below:

Evaluation Period Earnings Sharing:

1. For the twelve month period ending December 31, of each year (the "Evaluation Period"), with the filing to be made no

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Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.  
Transmittal Letter Dated May 3, 2012.

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RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions  
later than March 31, of the year following the conclusion of  
the Evaluation Period. The schedules will include the  
following:

- a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, and other components of income for return, revenues, and capital structure, cost of debt, overall cost of capital, and return on common equity in the format set forth in the final order establishing the Company's latest effective rates.
- b) All applicable accounting and pro forma adjustments historically required in annual reports filed with the Commission.
- c) Pro-forma adjustments to remove from recorded revenues any out-of-period Earnings Sharing Revenue Credits or Major Capital Projects Credits recorded during the Evaluation Period, and
- d) A calculation comparing the achieved return on average common equity to the following earnings sharing grid, and indicating the Earnings Sharing Revenue Credit that should be recorded within the Revenue Balancing Account to effect the prescribed sharing of earnings above authorized levels:

ROE at or below the Authorized ROE	Retained entirely by shareholders - no customer credits
First 100 basis points (one percent) over Authorized ROE	25% share credit to customers
Next 200 basis points (two percent) over Authorized ROE	50% share credit to customers
All ROE exceeding 300 basis points (three percent) over Authorized ROE	90% share credit to customers

RAM Period RAM Revenue Adjustment:

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Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.  
Transmittal Letter Dated May 3, 2012.

Superseding Sheet No. 107E  
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Effective May 4, 2012  
~~2013 May 4, 2012~~

Effective June 1,

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

- 2) The Company shall provide additional schedules indicating the following proposed RAM Revenue Adjustment calculations applicable for the RAM Period using the methodology set forth below:
- a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:
    - i. The labor component shall be quantified for the RAM Period by application of the Labor Cost Escalation Rate, reduced to account for the Productivity Offset to labor expenses, including payroll taxes. The part of Base Expenses that represents labor costs for merit employees shall not be subject to application of the Labor Cost Escalation rate, nor be reduced by the Productivity Offset.
    - ii. The Non-labor components shall be quantified for the RAM Period by application of the Non-labor Escalation Rate to non-labor Base Expenses. Non-labor components shall exclude fuel, purchased power, pension/OPEBs, IRP/DSM or other rate adjustment provisions.
  - b) Depreciation and Amortization RAM Adjustment- shall be quantified for the RAM Period by application of Commission-approved accrual rates and methods to the actual recorded Plant in Service balances at the end of the Evaluation Period.
  - c) The Rate Base RAM - Return on Investment Adjustment shall be determined by multiplying the applicable Pretax Rate of Return- times the change in Rate Base. The Pretax Rate of Return shall include related income taxes on the equity components of the Return on Investment rate approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. such return. The quantification of Rate Base is specified in greater detail in part (f) of this Section 2.
  - d) The revenue impact of any Exogenous Tax Changes shall be included in the RAM Period calculation of the RAM Revenue Adjustment-.
  - e) Revenue taxes shall be adjusted to account for the change in parts (a) through (d) of this Section 2.
  - f) Rate Base for the RAM Period shall be quantified as follows:

MAUI ELECTRIC COMPANY, LTD.

~~Docket No. 2009-0163, Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter Dated ~~May 3, 2012~~ May 1, 2013.

SHEET NO. 107F  
Effective May 4, 2012

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

- i. Plant in Service, Accumulated Depreciation, Accumulated Deferred Income Taxes and Contributions in Aid of Construction ("CIAC") shall be a two-point average of actual recorded balance sheet data at December 31 of the Evaluation Period, plus projected values at December 31 of the RAM Period determined as prescribed in parts (ii) through (v), below.
- ii. Plant in Service shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period, the simple average of Baseline Capital Projects plant additions recorded in the immediately preceding five calendar years, plus the estimated cost of completed Major Capital Projects that are anticipated to be in service by September 30 of the RAM Period. The cost of Major Capital Projects shall be limited to the dollar amounts previously approved by the Commission, and shall be included at the level of recorded costs if recorded costs are lower than the budget amounts approved by the Commission, and the Commission has not yet reviewed the project costs in a rate case.
- iii. Accumulated Depreciation at December 31 of the RAM Period shall be quantified by increasing the recorded balances at December 31 of the Evaluation Period by the amount set forth in Section 2 part (b) above, consistent with rate-making treatment.
- iv. CIAC shall be quantified by adding to the recorded balance at December 31 of the Evaluation Period an estimate of the net change for the RAM Period. The net change shall be based on a simple average of cash and in-kind CIAC for the immediately preceding five calendar years for programs (i.e., numerous low cost capital projects) plus specific engineering estimates of any contributions for the Major Capital Projects anticipated to be in service by September 30 of the RAM Period.
- v. Accumulated Deferred Income Taxes shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period the estimated tax effect of the depreciation timing difference (i.e., difference between book depreciation and tax depreciation) on the Baseline Capital Projects and Major Capital Projects added to rate base during the RAM Period.

MAUI ELECTRIC COMPANY, LTD.

Superseding Sheet No. 107G REVISED SHEET NO. 107G  
Effective May 4, 2012 Effective June 1, 2013  
~~4, 2012~~ ~~May~~

RATE ADJUSTMENT MECHANISM PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

- vi. Working Cash and all other elements of rate base not specifically addressed above shall be fixed at the dollar amount approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. ~~Decision & Order.~~ These elements of rate base shall be held constant until revised by a future Commission Decision & Order in a subsequent general rate case.

g.) See also Settlement Agreement section below.

Evaluation Procedures

Complete, indexed workpapers and electronic files supporting the RAM Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits Schedules shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, coincident with the Annual Evaluation Date filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons. The Consumer Advocate, Other Rate Case Parties, and other interested persons may propose any adjustments determined to be required to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

The RAM Revenue Adjustment, and any prior year RAM Revenue Adjustments, shall be recalculated for errors in prior calculations and for subsequent Commission orders that change the basis of prior calculations. The effect of such changes to the RAM Revenue Adjustment shall be implemented as described in the Revenue Balancing Account Provision.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before the June 1 effective date of the RBA Rate Adjustment described in the RBA Provision tariff, the RBA Rate Adjustment incorporating the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits shall go into effect on the June 1 effective date, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

Notice

MAUI ELECTRIC COMPANY, LTD.

~~Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter Dated ~~May 3, 2012~~ May 1, 2013.

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication

Superseding Sheet No. 107H  
107H

REVISED ———— SHEET NO.

Effective May 4, 2012  
~~4, 2012~~

Effective June 1, 2013~~May~~

RATE ADJUSTMENT MECHANISM PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

SETTLEMENT AGREEMENT

The provisions in this section are for the sole and limited purpose of implementing the Stipulated Settlement Agreement between the Hawaiian Electric Companies and the Division of Consumer Advocacy regarding Certain Regulatory Matters, filed in Docket No. 2008-0083, which the Commission approved in Order No. 31126, issued on March 19, 2013.

The Company will include in the Rate Base RAM - Return on Investment Adjustment and the Depreciation and Amortization RAM Expense Adjustment, in 2013 and subsequent years, the recoverable costs of the Customer Information System ("CIS") project, net of the Stipulated and Commission approved project cost write-downs and as otherwise provided for in the Stipulated Settlement Agreement. Recovery of the CIS costs through the RAM Revenue Adjustment is for the sole purpose of this settlement agreement and does not constitute a precedent for the recovery of any other software or regulatory asset deferred costs through the RAM Revenue Adjustment.

COMMISSION'S AUTHORITY

The Commission may suspend any or all parts of this Rate Adjustment Mechanism Provision. Such suspension shall remain in place until removed by— Commission Order.

MAUI ELECTRIC COMPANY, LTD.

~~Docket No. 2009-0163, Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter Dated ~~May 3, 2012~~ May 1, 2013.



Superseding Sheet No. 108

~~108~~

~~Effective May 4, 2012~~ Effective May 4, 2012

~~2013~~ June 1, 2013

~~Superseding Sheet No.~~

REVISED SHEET NO. 108

~~Effective June 1,~~

REVENUE BALANCING ACCOUNT ("RBA") PROVISION  
Maui, Lanai, and Molokai Divisions

Supplement To:

Schedule R - Residential Service  
Schedule G - General Service - Non-Demand  
Schedule J - General Service - Demand  
Schedule P - Large Power Service  
Schedule F - Public Street Lighting  
Schedule TOU-R - Residential Time-of-Use Service  
Schedule TOU-G - Small Commercial Time-of-Use Service  
Schedule TOU-J - Commercial Time-of-Use Service  
Schedule TOU-P - Large Power Time-of-Use Service  
Schedule SS - Standby Service  
Schedule TOU EV- Residential Time-of-Use Service with  
Electric Vehicle Pilot  
Schedule EV-R - Residential Electric Vehicle Charging  
Service Pilot  
Schedule EV-C - Commercial Electric Vehicle Charging  
Service Pilot

All terms and provisions of the above listed rate schedules are applicable except that the total base rate charges for each billing period shall be adjusted by the Revenue Balancing Account Rate Adjustments shown below:

A: PURPOSE:

The purpose of the Revenue Balancing Account ("RBA") is to record: 1) the difference between the Maui Electric Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Maui Electric Company's 2010 test year rate case, Docket No. 2009-0163, consistent with the Final Decision and Order in the Decoupling case, Docket No. 2008-0274.

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated ~~May 1, 2013~~ May 1, 2013.

~~SHEET No. 91A~~

~~Effective~~

~~REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Cont)~~

MAUI ELECTRIC COMPANY, INC.

Docket No. 2009-0163; Decision and Order No. 30196, *Instructing the Parties To File An Updated Settlement Agreement*, Filed on February 13, 2012.

Transmittal Letter dated March 15, 2012.

Superseding Sheet No. 108A

REVISED SHEET NO. 108A

Effective June 1, 2012

Effective June 1,

~~2013~~ May 4, 2012

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

B: TARGET REVENUE:

For the purpose of the RBA, the target revenue is the annual electric revenue approved by the Public Utilities Commission in the last issued Decision & Order in the Company's most recent test year general rate case, excluding revenue for fuel and purchased power expenses that are recovered either in base rates or in a purchased power adjustment clause; excluding revenue being separately tracked or recovered through any other surcharge or rate tracking mechanism; and excluding amounts for applicable revenue taxes;

Plus: Any effective RAM Revenue Adjustment calculated under the RAM provision for years subsequent to the most recent rate case test year for which the Commission has issued a Decision & Order; and

~~Less: most recent interim or final rate case decision, plus the accumulation of any subsequent RAM Revenue Adjustments calculated under the RAM Provision, less any Any applicable Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits calculated under the RAM provision. , adjusted to remove amounts for applicable revenue taxes. The target revenue will also exclude revenue for fuel and purchased power expenses that are recovered either in base rates or in a purchased power adjustment clause and exclude all revenue being separately tracked or recovered through any other surcharge or rate tracking mechanism.~~

The target revenue shall be revised to correct for any errors in the calculation of the RAM Revenue Adjustment for any previous period and for revisions to RAM Revenue Adjustments as a result of subsequent Commission orders that change the basis of previously calculated RAM Revenue Adjustments. ~~to the extent that such errors are identified 15 days prior to the Annual implementation date specified in the RAM Provision.~~ For any corrections of errors in previously calculated RAM Revenue Adjustments, the target revenue shall be adjusted as of the date that the corrected information would have been reflected in target revenue. For changes in the RAM Revenue Adjustment as a result of subsequently issued Commission orders, the target revenue shall be adjusted as of the effective date of tariff rates that are implemented pursuant to the subsequently issued Commission order.

The Commission and the Consumer Advocate will be notified of the target revenue revisions or corrections prior to implementation by the Company. There is no presumption that the target revenue changes

MAUI ELECTRIC COMPANY, INC.

~~Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter dated ~~May 3, 2012~~ May 1, 2013.

SHEET No. 108A  
Effective June 1, 2012

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

are ultimately warranted or correct. In the subsequent annual March 31 decoupling filing, the utility will have the burden to demonstrate that the interim changes are warranted and correctly applied. The Consumer Advocate will provide comments regarding the changes with its Statement of Position. The RBA balance and RBA Rate Adjustment for the following year will reflect any appropriate modifications to the change made by the utility in the prior year if necessary.

Monthly Allocation Factors for the Target Revenue are as follows:

MAUI ELECTRIC COMPANY, INC.

Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.

Transmittal Letter dated May 3, 2012.

Superseding Sheet No. 108B

REVISED SHEET NO. 108B

Effective May 4, 2012

Effective June 1,

~~2013~~ May 4, 2012

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

January	8.29%
February	7.35%
March	8.28%
April	7.88%
May	8.38%
June	8.51%
July	8.87%
August	9.00%
September	8.34%
October	8.78%
November	8.19%
December	8.13%

Total 100.00%

These factors are based on the MWH sales forecast that is approved by the Commission in Maui Electric Company's 2012 test year rate case and shall be updated in any subsequent test year rate case.

C: BALANCING ACCOUNT ENTRIES:

Entries to the RBA will be recorded monthly. A debit entry to the RBA will be made equal to the target revenue as defined in Section B. above, times the appropriate monthly allocation factor in the table above. A credit entry to the RBA will be made equal to the recorded adjusted revenue. The recorded adjusted revenue is defined to include the electric sales revenue from authorized base rates, plus revenue from any authorized interim rate increase, plus revenue from any RBA rate adjustment, but excluding revenue for fuel and purchased power expenses, IRP/DSM, any Commission Ordered one-time rate refunds or credits or other surcharges, and adjusted to remove amounts for applicable revenue taxes.

Interest will be recorded monthly to the RBA by multiplying the simple average of the beginning and ending month balance in the RBA times the Interest Rate divided by 12. The Interest Rate shall be 6 percent.

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

At the Annual Evaluation Date provided in the Rate Adjustment Mechanism Provision, the Company will file with the Commission a statement of the previous calendar year-end balance in the RBA and

MAUI ELECTRIC COMPANY, INC.

~~Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter dated ~~May 3, 2012~~ May 1, 2013.

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Effective May 4, 2012

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions  
the RAM Revenue Adjustment for the current calendar year, along with  
supporting calculations.

MAUI ELECTRIC COMPANY, INC.

Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2,  
2012.  
Transmittal Letter dated May 3, 2012.

Superseding Sheet No. B108C

REVISED SHEET NO. 97B108C

Effective May 4, 2012  
~~2013 May 4, 2012~~

Effective June 1,

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

Both an amortization of the previous calendar year-end balance in the RBA, adjusted for any Earnings Sharing Revenue Credits or Major Capital Projects Credits, ~~or~~ Baseline Capital Projects Credits or corrections, and the RAM Revenue Adjustment will be recovered through a per-kWh RBA rate adjustment, over the 12 months from June 1 of the current calendar year to May 31 of the succeeding calendar year. The recovery through the RBA Rate Adjustment of a RAM Revenue Adjustment calculated for a calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that implement a Commission approved base revenue level authorized in the Company's test year rate case.

Revisions to Target Revenue based on corrections for errors and subsequently issued Commission orders, described in Section B above, will not be reflected in the RBA Rate Adjustment until a succeeding June 1 to May 31 period, unless otherwise ordered or approved by the Commission.

Complete, indexed workpapers and electronic files supporting the previous year-end balance in the RBA shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, coincident with the Annual Evaluation Date filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons. The Consumer Advocate, Other Rate Case Parties, and other interested persons may propose any adjustments determined to be required to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

MAUI ELECTRIC COMPANY, INC.

~~Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter dated ~~May 3, 2012~~ May 1, 2013.

Superseding Sheet No. 108C

REVISED \_\_\_\_\_

SHEET NO. 108C

Effective May 4, 2012

Effective June 1,

~~2013 May 4, 2012~~

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before June 1st, the RBA Rate Adjustment shall go into effect on June 1st, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

The RBA Rate Adjustment is comprised of the calculated values from Section D above, adjusted to include amounts for applicable revenue taxes, and calculated. ~~The RBA rate adjustment is calculated based on the Company's forecast of mWh sales over the RBA Rate Adjustment recovery period.~~

The RBA Rate Adjustment shall remain unchanged during the recovery period unless further modification is required by order or approval of the Commission, except as specifically provided above.

Effective June 1, ~~2012-2013~~ to May 31, ~~2013~~2014

RBA Rate Adjustment

All Rate Schedules ..... \$0.8684. ¢/kWh

~~F: COMMISSION'S AUTHORITY~~

~~The Commission may suspend any or all parts of this Revenue Balancing Account Provision. Such suspension shall remain in place until removed by Commission Order.~~

FG. NOTICE

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

MAUI ELECTRIC COMPANY, INC.

~~Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.~~

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SHEET No. 97B108D  
Effective May 4,

~~2012~~ June 1, 2013

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

G. SETTLEMENT AGREEMENT

This section recognizes that provisions of the Stipulated Settlement Agreement between the Hawaiian Electric Companies and the Division of Consumer Advocacy regarding Certain Regulatory Matters, filed in Docket No. 2008-0083, which the Commission approved in Order No. 31126, issued on March 19, 2013 apply to the RBA Provision where appropriate.

HE: COMMISSION'S AUTHORITY

The Commission may suspend any or all parts of this Revenue Balancing Account Provision. Such suspension shall remain in place until removed by Commission Order.

MAUI ELECTRIC COMPANY, INC.

~~Docket No. 2009-0163, Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter dated May 3, ~~2012~~ May 1, 2013.

# ATTACHMENT 1C

Superseding Sheet No. 100D

—REVISED SHEET NO. 100D

Effective— ~~May 4, 2012~~ ~~December 30, 2011~~

Effective

~~June 1, 2013~~ May 4, 2012

## MOLOKAI DIVISION

## RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
142B	Commercial EV-C	October 1, 2010	Commercial Electric Vehicle Charging Service Pilot
143-143E	"FIT"	December 30, 2011	Schedule FIT Tier 1 and Tier 2
144-144AQ	"FIT"	December 30, 2011	Schedule FIT Appendix I Tier 1 and Tier 2 Agreements
145-145F	"FIT"	December 30, 2011	Schedule FIT Appendix II Queuing and Interconnection Procedures
146.1	"TOU-R"	May 4, 2012	Residential Time-of-Use
146.1A	"TOU-R"	May 4, 2012	Residential Time-of-Use
146.1B	"TOU-R"	January 12, 2011	Residential Time-of-Use
147.1	"TOU-G"	May 4, 2012	Small Commercial Time-of-Use
147.1A	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
147.1B	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
148.1	"TOU-J"	May 4, 2012	Commercial Time-of-Use
148.1A	"TOU-J"	January 12, 2011	Commercial Time-of-Use
148.1B	"TOU-J"	May 4, 2012	Commercial Time-of-Use
149.1	"TOU-P"	May 4, 2012	Large Power Time-of-Use
149.1A	"TOU-P"	January 12, 2011	Large Power Time-of-Use
149.1B	"TOU-P"	January 12, 2011	Large Power Time-of-Use
150	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
150A	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
150B	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
151	"RAM"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Rate Adjustment Mechanism Provision

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~~Docket No. 2009-0163, Decision and Order No. 30365, Filed May 2, 2012.~~  
 Transmittal Letter Dated ~~May 3, 2012~~ May 1, 2013.

Superseding Sheet No. 100E

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Effective ~~May 4, 2012~~ June 1, 2012  
June 1, 2013 ~~June 1, 2012~~

Effective

MOLOKAI DIVISION  
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
151A	"RAM"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Rate Adjustment Mechanism Provision
151B	"RAM"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Rate Adjustment Mechanism Provision
151C	"RAM"	May 4, 2012	Rate Adjustment Mechanism Provision
151D	"RAM"	May 4, 2012	Rate Adjustment Mechanism Provision
151E	"RAM"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Rate Adjustment Mechanism Provision
151F	"RAM"	May 4, 2012	Rate Adjustment Mechanism Provision
151G	"RAM"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Rate Adjustment Mechanism Provision
151H	"RAM"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Rate Adjustment Mechanism Provision
152	"RBA"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Revenue Balancing Account Provision
152A	"RBA"	<del>June 1, 2012</del> <u>June 1, 2013</u>	Revenue Balancing Account Provision
152B	"RBA"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Revenue Balancing Account Provision
152C	"RBA"	<del>May 4, 2012</del> <u>June 1, 2013</u>	Revenue Balancing Account Provision
<u>152D</u>	<u>"RBA"</u>	<u>June 1, 2013</u>	<u>Revenue Balancing Account Provision</u>

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~~Docket No. 2011-0092; Interim Decision and Order No. 30396, filed May 21, 2012.~~  
Transmittal Letter Dated ~~May 29, 2012~~May 1, 2013.

Superseding Sheet No. 151 REVISED SHEET NO. 151  
Effective May 4, 2012 Effective June 1, 2013  
4, 2012 May

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

This mechanism is subject to review and continuation, termination or modification in the utility's next base rate case proceeding, upon a showing by the utility and finding by the Commission that continuation or modification is appropriate. As part of its submitted testimony in the base rate case, the Company will include a summary report on the status of certain HCEI initiatives. The RAM mechanism is designed to determine the change in annual utility base revenue levels, recognizing certain estimated changes in the utility's cost to provide service. If, through the application of this mechanism, it is determined that annual utility base revenues should be decreased or increased, then the RAM Revenue Adjustment will be applied within the Revenue Balancing Account Provision. The RAM Revenue Adjustment established for a RAM Period calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that are implemented pursuant to a Commission Decision & Order for that test year. ~~remain in effect until the Commission approves a base revenue level in the Company's test year rate application.~~

Definitions

- a) The Annual Evaluation Date shall be the Date the Company will make its annual filing under this mechanism. The Annual Evaluation Date shall be no later than March 31st of each year, commencing March 31, 2012.
- b) The Evaluation Period is defined as the historical twelve month period ending December 31, of each calendar year preceding the Annual Evaluation Date. The Evaluation Period is used solely to determine achieved earnings and any sharing of such earnings above the Authorized Return on Equity.
- c) The RAM Period is defined as the calendar year containing the Annual Evaluation Date.
- d) The Labor Cost Escalation Rate shall be the applicable annual percentage general wage rate increase provided for in currently effective union labor agreements for use in escalating wage and salary Base Expenses for union employees to determine the RAM Revenue Adjustment for each RAM Period. In the event no union

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RATE ADJUSTMENT MECHANISM PROVISION (continued)

labor agreement exists for a RAM Period, the most recently effective annual general percentage increase rate shall apply.

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Effective May 4, 2012  
~~2013~~ May 4, 2012

Effective June 1, |

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

e) The Non-labor Cost Escalation Rate shall be the consensus estimated annual change in the Gross Domestic Product Price Indicator ("GDPPI") to escalate non-labor Base Expenses to determine the RAM Revenue Adjustment for each RAM Period. The GDPPI escalation rate shall be the consensus projection published by the Blue Chip Economic Indicators (Aspen Publishing) each February for the current RAM Period. In the event that the Blue Chip Economic Indicators forecast of the GDPPI is not available, the Consumer Advocate, Company, and other parties to the most recent rate case, with approval of the Commission, shall jointly select an alternative data source, or national economic index similar to GDPPI, as appropriate.

f) The annual Labor Productivity Offset shall be fixed at 0.76 percent (76/100 of one percent) and will be subtracted from the Labor Cost Escalation Rates applicable to Base Expenses to determine the authorized RAM Revenue Adjustment for each RAM Period.

g) The Base Expenses shall be the labor and non-labor operations and maintenance expense amounts approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. ~~most recently completed rate case where the test year was the Evaluation Period, or alternatively as approved by the Commission for the immediately preceding year Rate Adjustment Mechanism results if the Evaluation Period was not a test year.~~ Base Expenses shall not include any fuel, purchased power, IRP/DSM, pension, Other Post-Employment Benefits ("OPEB"), or Clean Energy/Renewable Energy Infrastructure or any costs that are subject to recovery through separate rate tracking mechanisms.

h) The Major Capital Projects shall be those capital investment projects that require an application before and approval by the Commission under the Commission's General Order No. 7, but excluding those projects included in the Clean Energy Infrastructure Surcharge.

i) The Baseline Capital Projects shall be the total amounts of capital investment completed and closed to Plant in Service, excluding amounts related to Major Capital Projects.

j) The Return on Investment shall be the overall weighted percentage rate of return on debt and equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. ~~Company's most recently completed rate case.~~

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151B

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~~2013 May 4, 2012~~

Effective June 1,

RATE ADJUSTMENT MECHANISM PROVISION (continued)  
Maui, Lanai, and Molokai Divisions

k) The Authorized Return on Equity shall be the overall weighted percentage rate of return on equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. ~~Company's most recently completed rate case.~~

l) The Exogenous Tax Changes shall be the changes in tax laws or regulations that are estimated to impact RBA Target Revenues by five hundred thousand dollars (\$500,000) or more.

m) The Rate Base shall be the average net investment estimated for the RAM Period, including each of the elements of rate base reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed in part (f) of Section 2 of the Rate Adjustment Mechanism.

n) The RAM Revenue Adjustment shall be the change in the annual amount of revenue required for the utility to recover the sum of the O&M RAM Adjustment, Depreciation & Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment, using the ratemaking conventions and calculations reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed herein.

o) The RAM Revenue Adjustment determined by this RAM Provision is to be recovered through the RBA Provision commencing on June 1 and over the subsequent 12 months after June 1.

p) Earnings Sharing Revenue Credits shall be the amounts to be returned to customers as credits through the Revenue Balancing Account ("RBA") Provision, so as to implement the earnings sharing percentages and procedures described herein, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

q) Major Capital Projects Credits shall be the amounts to be returned to customers through the Revenue Balancing Account Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific major capital projects that were not placed into service within the first nine months of the preceding RAM Period as expected. Because the Commission's review of the Major Capital Projects' actual costs incurred may not occur until the rate case after the RAM Revenue Adjustment for these Major Capital Projects is collected, Major Capital Projects Credits (including interest)

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Transmittal Letter Dated May 3, 2012 May 1, 2013.



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2013~~May 4, 2012~~

RATE ADJUSTMENT MECHANISM PROVISION  
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will be returned to customers for the amount of Major Capital Projects costs that the Commission disallows for cost recovery. The Major Capital Projects Credits are to be refunded through the

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RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

r) Baseline Capital Projects Credits shall be the amounts to be returned to customers through the RBA Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific baseline capital projects that are disallowed by the Commission in a subsequent rate case if the disallowance reduces actual Baseline Capital Projects costs below the Baseline Capital Projects cost estimate derived using the method identified in part (f)ii. of Section 2 of the Rate Adjustment Mechanism below. Because the Commission's review of baseline capital projects may not occur until the rate case after such baseline capital projects are included in one or more RAM Revenue Adjustment filings, Baseline Capital Projects Credits shall be used to refund to customers any prior collections (i.e., Return on Investment on Rate Base and Depreciation, plus interest) relating to the amount of Baseline Capital Projects costs that the Commission subsequently disallows for cost recovery. The Baseline Capital Projects Credits are to be refunded through the RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

Rate Adjustment Mechanism

The Company shall file with the Commission, the Consumer Advocate and each party to the Company's most recent rate case proceeding, the schedules specified below:

Evaluation Period Earnings Sharing:

1. For the twelve month period ending December 31, of each year (the "Evaluation Period"), with the filing to be made no

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RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions  
later than March 31, of the year following the conclusion of  
the Evaluation Period. The schedules will include the  
following:

- a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, and other components of income for return, revenues, and capital structure, cost of debt, overall cost of capital, and return on common equity in the format set forth in the final order establishing the Company's latest effective rates.
- b) All applicable accounting and pro forma adjustments historically required in annual reports filed with the Commission.
- c) Pro-forma adjustments to remove from recorded revenues any out-of-period Earnings Sharing Revenue Credits or Major Capital Projects Credits recorded during the Evaluation Period, and
- d) A calculation comparing the achieved return on average common equity to the following earnings sharing grid, and indicating the Earnings Sharing Revenue Credit that should be recorded within the Revenue Balancing Account to effect the prescribed sharing of earnings above authorized levels:

ROE at or below the Authorized ROE	Retained entirely by shareholders - no customer credits
First 100 basis points (one percent) over Authorized ROE	25% share credit to customers
Next 200 basis points (two percent) over Authorized ROE	50% share credit to customers
All ROE exceeding 300 basis points (three percent) over Authorized ROE	90% share credit to customers

RAM Period RAM Revenue Adjustment:

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Superseding Sheet No. 151E  
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Effective May 4, 2012  
~~2013 May 4, 2012~~

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RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

- 2) The Company shall provide additional schedules indicating the following proposed RAM Revenue Adjustment calculations applicable for the RAM Period using the methodology set forth below:
  - a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:
    - i. The labor component shall be quantified for the RAM Period by application of the Labor Cost Escalation Rate, reduced to account for the Productivity Offset to labor expenses, including payroll taxes. The part of Base Expenses that represents labor costs for merit employees shall not be subject to application of the Labor Cost Escalation rate, nor be reduced by the Productivity Offset.
    - ii. The Non-labor components shall be quantified for the RAM Period by application of the Non-labor Escalation Rate to non-labor Base Expenses. Non-labor components shall exclude fuel, purchased power, pension/OPEBs, IRP/DSM or other rate adjustment provisions.
  - b) Depreciation and Amortization RAM Adjustment— shall be quantified for the RAM Period by application of Commission-approved accrual rates and methods to the actual recorded Plant in Service balances at the end of the Evaluation Period.
  - c) The Rate Base RAM - Return on Investment Adjustment shall be determined by multiplying the applicable Pretax Rate of Return— times the change in Rate Base. The Pretax Rate of Return shall include related income taxes on the equity components of the Return on Investment rate approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. ~~such return.~~ The quantification of Rate Base is specified in greater detail in part (f) of this Section 2.
  - d) The revenue impact of any Exogenous Tax Changes shall be included in the RAM Period calculation of the RAM Revenue Adjustment—.
  - e) Revenue taxes shall be adjusted to account for the change in parts (a) through (d) of this Section 2.
  - f) Rate Base for the RAM Period shall be quantified as follows:

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~~Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter Dated ~~May 3, 2012~~ May 1, 2013.

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RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

- i. Plant in Service, Accumulated Depreciation, Accumulated Deferred Income Taxes and Contributions in Aid of Construction ("CIAC") shall be a two-point average of actual recorded balance sheet data at December 31 of the Evaluation Period, plus projected values at December 31 of the RAM Period determined as prescribed in parts (ii) through (v), below.
- ii. Plant in Service shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period, the simple average of Baseline Capital Projects plant additions recorded in the immediately preceding five calendar years, plus the estimated cost of completed Major Capital Projects that are anticipated to be in service by September 30 of the RAM Period. The cost of Major Capital Projects shall be limited to the dollar amounts previously approved by the Commission, and shall be included at the level of recorded costs if recorded costs are lower than the budget amounts approved by the Commission, and the Commission has not yet reviewed the project costs in a rate case.
- iii. Accumulated Depreciation at December 31 of the RAM Period shall be quantified by increasing the recorded balances at December 31 of the Evaluation Period by the amount set forth in Section 2 part (b) above, consistent with rate-making treatment.
- iv. CIAC shall be quantified by adding to the recorded balance at December 31 of the Evaluation Period an estimate of the net change for the RAM Period. The net change shall be based on a simple average of cash and in-kind CIAC for the immediately preceding five calendar years for programs (i.e., numerous low cost capital projects) plus specific engineering estimates of any contributions for the Major Capital Projects anticipated to be in service by September 30 of the RAM Period.
- v. Accumulated Deferred Income Taxes shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period the estimated tax effect of the depreciation timing difference (i.e., difference between book depreciation and tax depreciation) on the Baseline Capital Projects and Major Capital Projects added to rate base during the RAM Period.

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Effective May 4, 2012 Effective June 1, 2013  
4, 2012 May

RATE ADJUSTMENT MECHANISM PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

- vi. Working Cash and all other elements of rate base not specifically addressed above shall be fixed at the dollar amount approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. ~~Decision & Order.~~ These elements of rate base shall be held constant until revised by a future Commission Decision & Order in a subsequent general rate case.

Evaluation Procedures

Complete, indexed workpapers and electronic files supporting the RAM Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits Schedules shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, coincident with the Annual Evaluation Date filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons. The Consumer Advocate, Other Rate Case Parties, and other interested persons may propose any adjustments determined to be required to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

The RAM Revenue Adjustment, and any prior year RAM Revenue Adjustments, shall be recalculated for errors in prior calculations and for subsequent Commission orders that change the basis of prior calculations. The effect of such changes to the RAM Revenue Adjustment shall be implemented as described in the Revenue Balancing Account Provision.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before the June 1 effective date of the RBA Rate Adjustment described in the RBA Provision tariff, the RBA Rate Adjustment incorporating the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits shall go into effect on the June 1 effective date, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

Notice

MAUI ELECTRIC COMPANY, LTD.

~~Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.~~  
Transmittal Letter Dated May 3, 2012 May 1, 2013.

Superseding Sheet No. 151G

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Effective May 4, 2012

~~Effective May 4, 2012~~

June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication

MAUI ELECTRIC COMPANY, LTD.

~~Docket No. 2009-0163, Decision and Order No. 30365, Filed May 2, 2012.~~

~~Transmittal Letter Dated May 3, 2012~~ May 1, 2013.

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Effective May 4, 2012  
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Effective June 1, 2013May

RATE ADJUSTMENT MECHANISM PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

SETTLEMENT AGREEMENT

The provisions in this section are for the sole and limited purpose of implementing the Stipulated Settlement Agreement between the Hawaiian Electric Companies and the Division of Consumer Advocacy regarding Certain Regulatory Matters, filed in Docket No. 2008-0083, which the Commission approved in Order No. 31126, issued on March 19, 2013.

The Company will include in the Rate Base RAM - Return on Investment Adjustment and the Depreciation and Amortization RAM Expense Adjustment, in 2013 and subsequent years, the recoverable costs of the Customer Information System ("CIS") project, net of the Stipulated and Commission approved project cost write-downs and as otherwise provided for in the Stipulated Settlement Agreement. Recovery of the CIS costs through the RAM Revenue Adjustment is for the sole purpose of this settlement agreement and does not constitute a precedent for the recovery of any other software or regulatory asset deferred costs through the RAM Revenue Adjustment.

COMMISSION'S AUTHORITY

The Commission may suspend any or all parts of this Rate Adjustment Mechanism Provision. Such suspension shall remain in place until removed by Commission Order.

MAUI ELECTRIC COMPANY, LTD.

~~Docket No. 2009-0163, Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter Dated May 3, 2012May 1, 2013.



Superseding Sheet No. 152

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Effective May 4, 2012

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~~2012~~ June 1, 2013

REVENUE BALANCING ACCOUNT ("RBA") PROVISION  
Maui, Lanai, and Molokai Divisions

Supplement To:

- Schedule R - Residential Service
- Schedule G - General Service - Non-Demand
- Schedule J - General Service - Demand
- Schedule P - Large Power Service
- Schedule F - Public Street Lighting
- Schedule TOU-R - Residential Time-of-Use Service
- Schedule TOU-G - Small Commercial Time-of-Use Service
- Schedule TOU-J - Commercial Time-of-Use Service
- Schedule TOU-P - Large Power Time-of-Use Service
- Schedule SS - Standby Service
- Schedule TOU EV- Residential Time-of-Use Service with  
Electric Vehicle Pilot
- Schedule EV-R - Residential Electric Vehicle Charging  
Service Pilot
- Schedule EV-C - Commercial Electric Vehicle Charging  
Service Pilot

All terms and provisions of the above listed rate schedules are applicable except that the total base rate charges for each billing period shall be adjusted by the Revenue Balancing Account Rate Adjustments shown below:

A: PURPOSE:

The purpose of the Revenue Balancing Account ("RBA") is to record: 1) the difference between the Maui Electric Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue ~~will commence~~ ~~commenced~~ on the effective date of the tariff that ~~implements~~ ~~implemented~~ the Final Decision and Order in Maui Electric Company's

MAUI ELECTRIC COMPANY, INC.

~~Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter dated May 3, 2012 ~~May 1, 2013.~~

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Effective

~~REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Cent)~~

2010 test year rate case, Docket No. 2009-0163, consistent with the  
Final Decision and Order in the Decoupling case, Docket No. 2008-  
0274.

MAUI ELECTRIC COMPANY, INC.

Docket No. 2009-0163; Decision and Order No. 30196, *Instructing the  
Parties To File An Updated Settlement Agreement*, Filed on February  
13, 2012.

Transmittal Letter dated March 15, 2012.

Superseding Sheet No. 152A

REVISED SHEET NO. 152A

Effective June 1, 2012

Effective June 1,

2013 May 4, 2012

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

B: TARGET REVENUE:

For the purpose of the RBA, the target revenue is the annual electric revenue approved by the Public Utilities Commission in the last issued Decision & Order in the Company's most recent test year general rate case, excluding revenue for fuel and purchased power expenses that are recovered either in base rates or in a purchased power adjustment clause; excluding revenue being separately tracked or recovered through any other surcharge or rate tracking mechanism; and excluding amounts for applicable revenue taxes;

Plus: Any effective RAM Revenue Adjustment calculated under the RAM provision for years subsequent to the most recent rate case test year for which the Commission has issued a Decision & Order; and

~~Less: most recent interim or final rate case decision, plus the accumulation of any subsequent RAM Revenue Adjustments calculated under the RAM Provision, less any Any applicable Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits calculated under the RAM provision. , adjusted to remove amounts for applicable revenue taxes. The target revenue will also exclude revenue for fuel and purchased power expenses that are recovered either in base rates or in a purchased power adjustment clause and exclude all revenue being separately tracked or recovered through any other surcharge or rate tracking mechanism.~~

The target revenue shall be revised to correct for any errors in the calculation of the RAM Revenue Adjustment for any previous period and for revisions to RAM Revenue Adjustments as a result of subsequent Commission orders that change the basis of previously calculated RAM Revenue Adjustments. ~~to the extent that such errors are identified 15 days prior to the Annual implementation date specified in the RAM Provision.~~ For any corrections of errors in previously calculated RAM Revenue Adjustments, the target revenue shall be adjusted as of the date that the corrected information would have been reflected in target revenue. For changes in the RAM Revenue Adjustment as a result of subsequently issued Commission orders, the target revenue shall be adjusted as of the effective date of tariff rates that are implemented pursuant to the subsequently issued Commission order.

The Commission and the Consumer Advocate will be notified of the target revenue revisions or corrections prior to implementation by the Company. There is no presumption that the target revenue changes

MAUI ELECTRIC COMPANY, INC.

~~Docket No. 2009-0163, Decision and Order No. 30365, Filed May 2, 2012.~~

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Effective May 4, 2012

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)

Maui, Lanai, and Molokai Divisions  
are ultimately warranted or correct. In the subsequent annual March  
31 decoupling filing, the utility will have the burden to demonstrate  
that the interim changes are warranted and correctly applied. The  
Consumer Advocate will provide comments regarding the changes with  
its Statement of Position. The RBA balance and RBA Rate Adjustment  
for the following year will reflect any appropriate modifications to  
the change made by the utility in the prior year if necessary.

Monthly Allocation Factors for the Target Revenue are as follows:

MAUI ELECTRIC COMPANY, INC.

Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2,  
2012.

Transmittal Letter dated May 3, 2012.

Superseding Sheet No. 152B

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Effective May 4, 2012

Effective June 1,

2013May 4, 2012

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

January	8.29%
February	7.35%
March	8.28%
April	7.88%
May	8.38%
June	8.51%
July	8.87%
August	9.00%
September	8.34%
October	8.78%
November	8.19%
December	8.13%

Total 100.00%

These factors are based on the MWH sales forecast that is approved by the Commission in Maui Electric Company's 2012 test year rate case and shall be updated in any subsequent test year rate case.

C: BALANCING ACCOUNT ENTRIES:

Entries to the RBA will be recorded monthly. A debit entry to the RBA will be made equal to the target revenue as defined in Section B. above, times the appropriate monthly allocation factor in the table above. A credit entry to the RBA will be made equal to the recorded adjusted revenue. The recorded adjusted revenue is defined to include the electric sales revenue from authorized base rates, plus revenue from any authorized interim rate increase, plus revenue from any RBA rate adjustment, but excluding revenue for fuel and purchased power expenses, IRP/DSM, any Commission Ordered one-time rate refunds or credits or other surcharges, and adjusted to remove amounts for applicable revenue taxes.

Interest will be recorded monthly to the RBA by multiplying the simple average of the beginning and ending month balance in the RBA times the Interest Rate divided by 12. The Interest Rate shall be 6 percent.

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

At the Annual Evaluation Date provided in the Rate Adjustment Mechanism Provision, the Company will file with the Commission a statement of the previous calendar year-end balance in the RBA and

MAUI ELECTRIC COMPANY, INC.

~~Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter dated ~~May 3, 2012~~ May 1, 2013.

SHEET No. 152B

Effective May 4, 2012

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions  
the RAM Revenue Adjustment for the current calendar year, along with  
supporting calculations.

MAUI ELECTRIC COMPANY, INC.

Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2,  
2012.

Transmittal Letter dated May 3, 2012.

Superseding Sheet No. 152C

REVISED SHEET NO. 152C

Effective May 4, 2012

Effective June 1,

2013 May 4, 2012

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

Both an amortization of the previous calendar year-end balance in the RBA, adjusted for any Earnings Sharing Revenue Credits or Major Capital Projects Credits, ~~or~~ Baseline Capital Projects Credits or corrections, and the RAM Revenue Adjustment will be recovered through a per-kWh RBA rate adjustment, over the 12 months from June 1 of the current calendar year to May 31 of the succeeding calendar year. The recovery through the RBA Rate Adjustment of a RAM Revenue Adjustment calculated for a calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that implement a Commission approved base revenue level authorized in the Company's test year rate case.

Revisions to Target Revenue based on corrections for errors and subsequently issued Commission orders, described in Section B above, will not be reflected in the RBA Rate Adjustment until a succeeding June 1 to May 31 period, unless otherwise ordered or approved by the Commission.

Complete, indexed workpapers and electronic files supporting the previous year-end balance in the RBA shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, coincident with the Annual Evaluation Date filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons. The Consumer Advocate, Other Rate Case Parties, and other interested persons may propose any adjustments determined to be required to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

MAUI ELECTRIC COMPANY, INC.

~~Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter dated ~~May 3, 2012~~ May 1, 2013.

Superseding Sheet No. 152C

REVISED

SHEET NO. 152C

Effective May 4, 2012

Effective June 1,

~~2013 May 4, 2012~~

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before June 1st, the RBA Rate Adjustment shall go into effect on June 1st, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

The RBA Rate Adjustment is comprised of the calculated values from Section D above, adjusted to include amounts for applicable revenue taxes, and calculated. The RBA rate adjustment is calculated based on the Company's forecast of mWh sales over the RBA Rate Adjustment recovery period.

The RBA Rate Adjustment shall remain unchanged during the recovery period unless further modification is required by order or approval of the Commission, except as specifically provided above.

Effective June 1, ~~2012-2013~~ to May 31, ~~2013~~2014

RBA Rate Adjustment

All Rate Schedules ..... 90.8684. ¢/kWh

~~F: COMMISSION'S AUTHORITY~~

~~The Commission may suspend any or all parts of this Revenue Balancing Account Provision. Such suspension shall remain in place until removed by Commission Order.~~

FG. NOTICE

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

MAUI ELECTRIC COMPANY, INC.

~~Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter dated ~~May 3, 2012~~ May 1, 2013.



SHEET No. 152D

Effective May 4,

~~2012~~ June 1, 2013

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

G. SETTLEMENT AGREEMENT

This section recognizes that provisions of the Stipulated Settlement Agreement between the Hawaiian Electric Companies and the Division of Consumer Advocacy regarding Certain Regulatory Matters, filed in Docket No. 2008-0083, which the Commission approved in Order No. 31126, issued on March 19, 2013 apply to the RBA Provision where appropriate.

HE: COMMISSION'S AUTHORITY

The Commission may suspend any or all parts of this Revenue Balancing Account Provision. Such suspension shall remain in place until removed by Commission Order.

MAUI ELECTRIC COMPANY, INC.

~~Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.~~

Transmittal Letter dated ~~May 3, 2012~~ May 1, 2013.

## ATTACHMENT 2A

Superseding Sheet No. 50D  
Effective May 1, 2013

REVISED SHEET No. 50D  
Effective June 1, 2013

MAUI DIVISION  
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
91.1	"TOU-G"	May 4, 2012	Small Commercial Time-of-Use
91.1A	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
91.1B	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
92.1	"TOU-J"	May 4, 2012	Commercial Time-of-Use
92.1A	"TOU-J"	January 12, 2011	Commercial Time-of-Use
92.1B	"TOU-J"	May 4, 2012	Commercial Time-of-Use
93.1	"TOU-P"	May 4, 2012	Large Power Time-of-Use
93.1A	"TOU-P"	January 12, 2011	Large Power Time-of-Use
93.1B	"TOU-P"	May 4, 2012	Large Power Time-of-Use
94-94E	"FIT"	December 30, 2011	Schedule FIT Tier 3
94.1-	"FIT"	December 30, 2011	Schedule FIT Tier 3
94.1DX			Agreement
94.2-	"FIT"	December 30, 2011	Schedule FIT Tier 3 Queuing
94.2E			and Interconnection Proc.
95	"PPAC"	May 1, 2013	Purchase Power Adjustment Clause
95A	"PPAC"	May 1, 2013	Purchase Power Adjustment Clause
95B	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
96	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
96A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
96B	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
96C	"RAM"	May 4, 2012	Rate Adjustment Mechanism Provision
96D	"RAM"	May 4, 2012	Rate Adjustment Mechanism Provision
96E	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
96F	"RAM"	May 4, 2012	Rate Adjustment Mechanism Provision
96G	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
96H	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 50E  
Effective June 1, 2012

REVISED SHEET No. 50E  
Effective June 1, 2013

MAUI DIVISION  
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
97	"RBA"	June 1, 2013	Revenue Balancing Account Provision
97A	"RBA"	June 1, 2013	Revenue Balancing Account Provision
97B	"RBA"	June 1, 2013	Revenue Balancing Account Provision
97C	"RBA"	June 1, 2013	Revenue Balancing Account Provision
97D	"RBA"	June 1, 2013	Revenue Balancing Account Provision

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 96  
Effective May 4, 2012

REVISED SHEET NO. 96  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

This mechanism is subject to review and continuation, termination or modification in the utility's next base rate case proceeding, upon a showing by the utility and finding by the Commission that continuation or modification is appropriate. As part of its submitted testimony in the base rate case, the Company will include a summary report on the status of certain HCEI initiatives. The RAM mechanism is designed to determine the change in annual utility base revenue levels, recognizing certain estimated changes in the utility's cost to provide service. If, through the application of this mechanism, it is determined that annual utility base revenues should be decreased or increased, then the RAM Revenue Adjustment will be applied within the Revenue Balancing Account Provision. The RAM Revenue Adjustment established for a RAM Period calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that are implemented pursuant to a Commission Decision & Order for that test year.

Definitions

- a) The Annual Evaluation Date shall be the Date the Company will make its annual filing under this mechanism. The Annual Evaluation Date shall be no later than March 31st of each year, commencing March 31, 2012.
- b) The Evaluation Period is defined as the historical twelve month period ending December 31, of each calendar year preceding the Annual Evaluation Date. The Evaluation Period is used solely to determine achieved earnings and any sharing of such earnings above the Authorized Return on Equity.
- c) The RAM Period is defined as the calendar year containing the Annual Evaluation Date.
- d) The Labor Cost Escalation Rate shall be the applicable annual percentage general wage rate increase provided for in currently effective union labor agreements for use in escalating wage and salary Base Expenses for union employees to determine the RAM Revenue Adjustment for each RAM Period. In the event no union labor agreement exists for a RAM Period, the most recently effective annual general percentage increase rate shall apply.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 96A  
Effective May 4, 2012

REVISED SHEET NO. 96A  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

e) The Non-labor Cost Escalation Rate shall be the consensus estimated annual change in the Gross Domestic Product Price Indicator ("GDPPI") to escalate non-labor Base Expenses to determine the RAM Revenue Adjustment for each RAM Period. The GDPPI escalation rate shall be the consensus projection published by the Blue Chip Economic Indicators (Aspen Publishing) each February for the current RAM Period. In the event that the Blue Chip Economic Indicators forecast of the GDPPI is not available, the Consumer Advocate, Company, and other parties to the most recent rate case, with approval of the Commission, shall jointly select an alternative data source, or national economic index similar to GDPPI, as appropriate.

f) The annual Labor Productivity Offset shall be fixed at 0.76 percent (76/100 of one percent) and will be subtracted from the Labor Cost Escalation Rates applicable to Base Expenses to determine the authorized RAM Revenue Adjustment for each RAM Period.

g) The Base Expenses shall be the labor and non-labor operations and maintenance expense amounts approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. Base Expenses shall not include any fuel, purchased power, IRP/DSM, pension, Other Post-Employment Benefits ("OPEB"), or Clean Energy/Renewable Energy Infrastructure or any costs that are subject to recovery through separate rate tracking mechanisms.

h) The Major Capital Projects shall be those capital investment projects that require an application before and approval by the Commission under the Commission's General Order No. 7, but excluding those projects included in the Clean Energy Infrastructure Surcharge.

i) The Baseline Capital Projects shall be the total amounts of capital investment completed and closed to Plant in Service, excluding amounts related to Major Capital Projects.

j) The Return on Investment shall be the overall weighted percentage rate of return on debt and equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case.

k) The Authorized Return on Equity shall be the percentage rate of return on equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case.

l) The Exogenous Tax Changes shall be the changes in tax laws or regulations that are estimated to impact RBA Target Revenues by five hundred thousand dollars (\$500,000) or more.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 96B  
Effective May 4, 2012

REVISED SHEET NO. 96B  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

m) The Rate Base shall be the average net investment estimated for the RAM Period, including each of the elements of rate base reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed in part (f) of Section 2 of the Rate Adjustment Mechanism.

n) The RAM Revenue Adjustment shall be the change in the annual amount of revenue required for the utility to recover the sum of the O&M RAM Adjustment, Depreciation & Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment, using the ratemaking conventions and calculations reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed herein.

o) The RAM Revenue Adjustment determined by this RAM Provision is to be recovered through the RBA Provision commencing on June 1 and over the subsequent 12 months after June 1.

p) Earnings Sharing Revenue Credits shall be the amounts to be returned to customers as credits through the Revenue Balancing Account ("RBA") Provision, so as to implement the earnings sharing percentages and procedures described herein, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

q) Major Capital Projects Credits shall be the amounts to be returned to customers through the Revenue Balancing Account Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific major capital projects that were not placed into service within the first nine months of the preceding RAM Period as expected. Because the Commission's review of the Major Capital Projects' actual costs incurred may not occur until the rate case after the RAM Revenue Adjustment for these Major Capital Projects is collected, Major Capital Projects Credits (including interest) will be returned to customers for the amount of Major Capital Projects costs that the Commission disallows for cost recovery. The Major Capital Projects Credits are to be refunded through the

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

SHEET NO. 96C  
Effective May 4, 2012

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

r) Baseline Capital Projects Credits shall be the amounts to be returned to customers through the RBA Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific baseline capital projects that are disallowed by the Commission in a subsequent rate case if the disallowance reduces actual Baseline Capital Projects costs below the Baseline Capital Projects cost estimate derived using the method identified in part (f)ii. of Section 2 of the Rate Adjustment Mechanism below. Because the Commission's review of baseline capital projects may not occur until the rate case after such baseline capital projects are included in one or more RAM Revenue Adjustment filings, Baseline Capital Projects Credits shall be used to refund to customers any prior collections (i.e., Return on Investment on Rate Base and Depreciation, plus interest) relating to the amount of Baseline Capital Projects costs that the Commission subsequently disallows for cost recovery. The Baseline Capital Projects Credits are to be refunded through the RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

Rate Adjustment Mechanism

The Company shall file with the Commission, the Consumer Advocate and each party to the Company's most recent rate case proceeding, the schedules specified below:

Evaluation Period Earnings Sharing:

1. For the twelve month period ending December 31, of each year (the "Evaluation Period"), with the filing to be made no

MAUI ELECTRIC COMPANY, LTD.

Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.

Transmittal Letter Dated May 3, 2012.



SHEET No. 96D  
Effective May 4, 2012

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

later than March 31, of the year following the conclusion of the Evaluation Period. The schedules will include the following:

- a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, and other components of income for return, revenues, and capital structure, cost of debt, overall cost of capital, and return on common equity in the format set forth in the final order establishing the Company's latest effective rates.
- b) All applicable accounting and pro forma adjustments historically required in annual reports filed with the Commission.
- c) Pro-forma adjustments to remove from recorded revenues any out-of-period Earnings Sharing Revenue Credits or Major Capital Projects Credits recorded during the Evaluation Period, and
- d) A calculation comparing the achieved return on average common equity to the following earnings sharing grid, and indicating the Earnings Sharing Revenue Credit that should be recorded within the Revenue Balancing Account to effect the prescribed sharing of earnings above authorized levels:

ROE at or below the Authorized ROE	Retained entirely by shareholders - no customer credits
First 100 basis points (one percent) over Authorized ROE	25% share credit to customers
Next 200 basis points (two percent) over Authorized ROE	50% share credit to customers
All ROE exceeding 300 basis points (three percent) over Authorized ROE	90% share credit to customers

RAM Period RAM Revenue Adjustment:

MAUI ELECTRIC COMPANY, LTD.

Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.

Transmittal Letter Dated May 3, 2012.

Superseding Sheet No. 96E  
Effective May 4, 2012

REVISED SHEET NO. 96E  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

- 2) The Company shall provide additional schedules indicating the following proposed RAM Revenue Adjustment calculations applicable for the RAM Period using the methodology set forth below:
  - a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:
    - i. The labor component shall be quantified for the RAM Period by application of the Labor Cost Escalation Rate, reduced to account for the Productivity Offset to labor expenses, including payroll taxes. The part of Base Expenses that represents labor costs for merit employees shall not be subject to application of the Labor Cost Escalation rate, nor be reduced by the Productivity Offset.
    - ii. The Non-labor components shall be quantified for the RAM Period by application of the Non-labor Escalation Rate to non-labor Base Expenses. Non-labor components shall exclude fuel, purchased power, pension/OPEBs, IRP/DSM or other rate adjustment provisions.
  - b) Depreciation and Amortization RAM Adjustment shall be quantified for the RAM Period by application of Commission-approved accrual rates and methods to the actual recorded Plant in Service balances at the end of the Evaluation Period.
  - c) The Rate Base RAM - Return on Investment Adjustment shall be determined by multiplying the applicable Pretax Rate of Return times the change in Rate Base. The Pretax Rate of Return shall include related income taxes on the equity components of the Return on Investment rate approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. The quantification of Rate Base is specified in greater detail in part (f) of this Section 2.
  - d) The revenue impact of any Exogenous Tax Changes shall be included in the RAM Period calculation of the RAM Revenue Adjustment.
  - e) Revenue taxes shall be adjusted to account for the change in parts (a) through (d) of this Section 2.
  - f) Rate Base for the RAM Period shall be quantified as follows:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

SHEET NO. 96F  
Effective May 4, 2012

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

- i. Plant in Service, Accumulated Depreciation, Accumulated Deferred Income Taxes and Contributions in Aid of Construction ("CIAC") shall be a two-point average of actual recorded balance sheet data at December 31 of the Evaluation Period, plus projected values at December 31 of the RAM Period determined as prescribed in parts (ii) through (v), below.
- ii. Plant in Service shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period, the simple average of Baseline Capital Projects plant additions recorded in the immediately preceding five calendar years, plus the estimated cost of completed Major Capital Projects that are anticipated to be in service by September 30 of the RAM Period. The cost of Major Capital Projects shall be limited to the dollar amounts previously approved by the Commission, and shall be included at the level of recorded costs if recorded costs are lower than the budget amounts approved by the Commission, and the Commission has not yet reviewed the project costs in a rate case.
- iii. Accumulated Depreciation at December 31 of the RAM Period shall be quantified by increasing the recorded balances at December 31 of the Evaluation Period by the amount set forth in Section 2 part (b) above, consistent with rate-making treatment.
- iv. CIAC shall be quantified by adding to the recorded balance at December 31 of the Evaluation Period an estimate of the net change for the RAM Period. The net change shall be based on a simple average of cash and in-kind CIAC for the immediately preceding five calendar years for programs (i.e., numerous low cost capital projects) plus specific engineering estimates of any contributions for the Major Capital Projects anticipated to be in service by September 30 of the RAM Period.
- v. Accumulated Deferred Income Taxes shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period the estimated tax effect of the depreciation timing difference (i.e., difference between book depreciation and tax depreciation) on the Baseline Capital Projects and Major Capital Projects added to rate base during the RAM Period.

MAUI ELECTRIC COMPANY, LTD.

Superseding Sheet No. 96G  
Effective May 4, 2012

REVISED SHEET NO. 96G  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

- vi. Working Cash and all other elements of rate base not specifically addressed above shall be fixed at the dollar amount approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. These elements of rate base shall be held constant until revised by a future Commission Decision & Order in a general rate case.

g.) See also Settlement Agreement section below.

Evaluation Procedures

Complete, indexed workpapers and electronic files supporting the RAM Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits Schedules shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, coincident with the Annual Evaluation Date filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons. The Consumer Advocate, Other Rate Case Parties, and other interested persons may propose any adjustments determined to be required to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

The RAM Revenue Adjustment, and any prior year RAM Revenue Adjustments, shall be recalculated for errors in prior calculations and for subsequent Commission orders that change the basis of prior calculations. The effect of such changes to the RAM Revenue Adjustment shall be implemented as described in the Revenue Balancing Account Provision.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before the June 1 effective date of the RBA Rate Adjustment described in the RBA Provision tariff, the RBA Rate Adjustment incorporating the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits shall go into effect on the June 1 effective date, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

Notice

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 96H  
Effective May 4, 2012

REVISED SHEET NO. 96H  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

SETTLEMENT AGREEMENT

The provisions in this section are for the sole and limited purpose of implementing the *Stipulated Settlement Agreement between the Hawaiian Electric Companies and the Division of Consumer Advocacy regarding Certain Regulatory Matters*, filed in Docket No. 2008-0083, which the Commission approved in Order No. 31126, issued on March 19, 2013.

The Company will include in the Rate Base RAM - Return on Investment Adjustment and the Depreciation and Amortization RAM Expense Adjustment, in 2013 and subsequent years, the recoverable costs of the Customer Information System ("CIS") project, net of the Stipulated and Commission approved project cost write-downs and as otherwise provided for in the Stipulated Settlement Agreement. Recovery of the CIS costs through the RAM Revenue Adjustment is for the sole purpose of this settlement agreement and does not constitute a precedent for the recovery of any other software or regulatory asset deferred costs through the RAM Revenue Adjustment.

COMMISSION'S AUTHORITY

The Commission may suspend any or all parts of this Rate Adjustment Mechanism Provision. Such suspension shall remain in place until removed by Commission Order.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 97  
Effective May 4, 2012

REVISED SHEET NO. 97  
Effective June 1, 2013

REVENUE BALANCING ACCOUNT ("RBA") PROVISION  
Maui, Lanai, and Molokai Divisions

Supplement To:

- Schedule R - Residential Service
- Schedule G - General Service - Non-Demand
- Schedule J - General Service - Demand
- Schedule P - Large Power Service
- Schedule F - Public Street Lighting
- Schedule TOU-R - Residential Time-of-Use Service
- Schedule TOU-G - Small Commercial Time-of-Use Service
- Schedule TOU-J - Commercial Time-of-Use Service
- Schedule TOU-P - Large Power Time-of-Use Service
- Schedule SS - Standby Service
- Schedule TOU EV- Residential Time-of-Use Service with  
Electric Vehicle Pilot
- Schedule EV-R - Residential Electric Vehicle Charging  
Service Pilot
- Schedule EV-C - Commercial Electric Vehicle Charging  
Service Pilot

All terms and provisions of the above listed rate schedules are applicable except that the total base rate charges for each billing period shall be adjusted by the Revenue Balancing Account Rate Adjustments shown below:

A: PURPOSE:

The purpose of the Revenue Balancing Account ("RBA") is to record: 1) the difference between the Maui Electric Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Maui Electric Company's 2010 test year rate case, Docket No. 2009-0163, consistent with the Final Decision and Order in the Decoupling case, Docket No. 2008-0274.

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

Superseding Sheet No. 97A  
Effective June 1, 2012

REVISED SHEET NO. 97A  
Effective June 1, 2013

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

B: TARGET REVENUE:

For the purpose of the RBA, the target revenue is the annual electric revenue approved by the Public Utilities Commission in the last issued Decision & Order in the Company's most recent test year general rate case, excluding revenue for fuel and purchased power expenses that are recovered either in base rates or in a purchased power adjustment clause; excluding revenue being separately tracked or recovered through any other surcharge or rate tracking mechanism; and excluding amounts for applicable revenue taxes;

Plus: Any effective RAM Revenue Adjustment calculated under the RAM provision for years subsequent to the most recent rate case test year for which the Commission has issued a Decision & Order; and

Less: Any applicable Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits calculated under the RAM provision.

The target revenue shall be revised to correct for any errors in the calculation of the RAM Revenue Adjustment for any previous period and for revisions to RAM Revenue Adjustments as a result of subsequent Commission orders that change the basis of previously calculated RAM Revenue Adjustments. For any corrections of errors in previously calculated RAM Revenue Adjustments, the target revenue shall be adjusted as of the date that the corrected information would have been reflected in target revenue. For changes in the RAM Revenue Adjustment as a result of subsequently issued Commission orders, the target revenue shall be adjusted as of the effective date of tariff rates that are implemented pursuant to the subsequently issued Commission order.

The Commission and the Consumer Advocate will be notified of the target revenue revisions or corrections prior to implementation by the Company. There is no presumption that the target revenue changes are ultimately warranted or correct. In the subsequent annual March 31 decoupling filing, the utility will have the burden to demonstrate that the interim changes are warranted and correctly applied. The Consumer Advocate will provide comments regarding the changes with its Statement of Position. The RBA balance and RBA Rate Adjustment for the following year will reflect any appropriate modifications to the change made by the utility in the prior year if necessary.

Monthly Allocation Factors for the Target Revenue are as follows:

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

Superseding Sheet No. 97B  
Effective May 4, 2012

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Effective June 1, 2013

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

January	8.29%
February	7.35%
March	8.28%
April	7.88%
May	8.38%
June	8.51%
July	8.87%
August	9.00%
September	8.34%
October	8.78%
November	8.19%
December	<u>8.13%</u>

Total 100.00%

These factors are based on the MWH sales forecast that is approved by the Commission in Maui Electric Company's 2012 test year rate case and shall be updated in any subsequent test year rate case.

C: BALANCING ACCOUNT ENTRIES:

Entries to the RBA will be recorded monthly. A debit entry to the RBA will be made equal to the target revenue as defined in Section B. above, times the appropriate monthly allocation factor in the table above. A credit entry to the RBA will be made equal to the recorded adjusted revenue. The recorded adjusted revenue is defined to include the electric sales revenue from authorized base rates, plus revenue from any authorized interim rate increase, plus revenue from any RBA rate adjustment, but excluding revenue for fuel and purchased power expenses, IRP/DSM, any Commission Ordered one-time rate refunds or credits or other surcharges, and adjusted to remove amounts for applicable revenue taxes.

Interest will be recorded monthly to the RBA by multiplying the simple average of the beginning and ending month balance in the RBA times the Interest Rate divided by 12. The Interest Rate shall be 6 percent.

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

At the Annual Evaluation Date provided in the Rate Adjustment Mechanism Provision, the Company will file with the Commission a statement of the previous calendar year-end balance in the RBA and the RAM Revenue Adjustment for the current calendar year, along with supporting calculations.

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.



Superseding Sheet No. 97C  
Effective May 4, 2012

REVISED SHEET NO. 97C  
Effective June 1, 2013

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

Both an amortization of the previous calendar year-end balance in the RBA, adjusted for any Earnings Sharing Revenue Credits or Major Capital Projects Credits, Baseline Capital Projects Credits or corrections, and the RAM Revenue Adjustment will be recovered through a per-kWh RBA rate adjustment, over the 12 months from June 1 of the current calendar year to May 31 of the succeeding calendar year. The recovery through the RBA Rate Adjustment of a RAM Revenue Adjustment calculated for a calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that implement a Commission approved base revenue level authorized in the Company's test year rate case.

Revisions to Target Revenue based on corrections for errors and subsequently issued Commission orders, described in Section B above, will not be reflected in the RBA Rate Adjustment until a succeeding June 1 to May 31 period, unless otherwise ordered or approved by the Commission.

Complete, indexed workpapers and electronic files supporting the previous year-end balance in the RBA shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, coincident with the Annual Evaluation Date filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons. The Consumer Advocate, Other Rate Case Parties, and other interested persons may propose any adjustments determined to be required to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before June 1st, the RBA Rate Adjustment shall go into effect on June 1st, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

The RBA Rate Adjustment is comprised of the calculated values from Section D above, adjusted to include amounts for applicable revenue taxes, and calculated based on the Company's forecast of mWh sales over the RBA Rate Adjustment recovery period.

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

SHEET No. 97D  
Effective June 1, 2013

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

The RBA Rate Adjustment shall remain unchanged during the recovery period unless further modification is required by order or approval of the Commission, except as specifically provided above.

Effective June 1, 2013 to May 31, 2014

RBA Rate Adjustment

All Rate Schedules ..... 0.8684. ¢/kWh

F. NOTICE

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

G. SETTLEMENT AGREEMENT

This section recognizes that provisions of the *Stipulated Settlement Agreement between the Hawaiian Electric Companies and the Division of Consumer Advocacy regarding Certain Regulatory Matters*, filed in Docket No. 2008-0083, which the Commission approved in Order No. 31126, issued on March 19, 2013 apply to the RBA Provision where appropriate.

H: COMMISSION'S AUTHORITY

The Commission may suspend any or all parts of this Revenue Balancing Account Provision. Such suspension shall remain in place until removed by Commission Order.

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

## ATTACHMENT 2B

Superseding Sheet No. 50H  
Effective May 4, 2012

REVISED SHEET NO. 50H  
Effective June 1, 2013

LANAI DIVISION  
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
103.1	"TOU-G"	May 4, 2012	Small Commercial Time-of-Use
103.1A	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
103.1B	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
104.1	"TOU-J"	May 4, 2012	Commercial Time-of-Use
104.1A	"TOU-J"	January 12, 2011	Commercial Time-of-Use
104.1B	"TOU-J"	May 4, 2012	Commercial Time-of-Use
105.1	"TOU-P"	May 4, 2012	Large Power Time-of-Use
105.1A	"TOU-P"	January 12, 2011	Large Power Time-of-Use
105.1B	"TOU-P"	May 4, 2012	Large Power Time-of-Use
106	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
106A	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
106B	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
107	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
107A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
107B	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
107C	"RAM"	May 4, 2012	Rate Adjustment Mechanism Provision
107D	"RAM"	May 4, 2012	Rate Adjustment Mechanism Provision
107E	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
107F	"RAM"	May 4, 2012	Rate Adjustment Mechanism Provision
107G	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
107H	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 50I  
Effective June 1, 2012

REVISED SHEET NO. 50I  
Effective June 1, 2013

LANAI DIVISION  
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
10□	"RBA"	June 1, 2013	Revenue Balancing Account Provision
10□A	"RBA"	June 1, 2013	Revenue Balancing Account Provision
10□B	"RBA"	June 1, 2013	Revenue Balancing Account Provision
10□C	"RBA"	June 1, 2013	Revenue Balancing Account Provision
10□D	"RBA"	June 1, 2013	Revenue Balancing Account Provision

MAUI ELECTRIC COMPANY, LIMITED

Doc#et No. 2011-00□2□ Interim Decision and Order No. 303□6, filed May 21,  
2012.  
Transmittal Letter Dated May 2□, 2012.

Superseding Sheet No. 107  
Effective May 4, 2012

REVISED SHEET NO. 107  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

This mechanism is subject to review and continuation, termination or modification in the utility's next base rate case proceeding, upon a showing by the utility and finding by the Commission that continuation or modification is appropriate. As part of its submitted testimony in the base rate case, the Company will include a summary report on the status of certain HCEI initiatives. The RAM mechanism is designed to determine the change in annual utility base revenue levels, recognizing certain estimated changes in the utility's cost to provide service. If, through the application of this mechanism, it is determined that annual utility base revenues should be decreased or increased, then the RAM Revenue Adjustment will be applied within the Revenue Balancing Account Provision. The RAM Revenue Adjustment established for a RAM Period calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that are implemented pursuant to a Commission Decision & Order for that test year.

Definitions

- a) The Annual Evaluation Date shall be the Date the Company will make its annual filing under this mechanism. The Annual Evaluation Date shall be no later than March 31st of each year, commencing March 31, 2012.
- b) The Evaluation Period is defined as the historical twelve month period ending December 31, of each calendar year preceding the Annual Evaluation Date. The Evaluation Period is used solely to determine achieved earnings and any sharing of such earnings above the Authorized Return on Equity.
- c) The RAM Period is defined as the calendar year containing the Annual Evaluation Date.
- d) The Labor Cost Escalation Rate shall be the applicable annual percentage general wage rate increase provided for in currently effective union labor agreements for use in escalating wage and salary Base Expenses for union employees to determine the RAM Revenue Adjustment for each RAM Period. In the event no union labor agreement exists for a RAM Period, the most recently effective annual general percentage increase rate shall apply.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 107A  
Effective May 4, 2012

REVISED SHEET NO. 107A  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

e) The Non-labor Cost Escalation Rate shall be the consensus estimated annual change in the Gross Domestic Product Price Indicator ("GDPPI") to escalate non-labor Base Expenses to determine the RAM Revenue Adjustment for each RAM Period. The GDPPI escalation rate shall be the consensus projection published by the Blue Chip Economic Indicators (Aspen Publishing) each February for the current RAM Period. In the event that the Blue Chip Economic Indicators forecast of the GDPPI is not available, the Consumer Advocate, Company, and other parties to the most recent rate case, with approval of the Commission, shall jointly select an alternative data source, or national economic index similar to GDPPI, as appropriate.

f) The annual Labor Productivity Offset shall be fixed at 0.76 percent (76/100 of one percent) and will be subtracted from the Labor Cost Escalation Rates applicable to Base Expenses to determine the authorized RAM Revenue Adjustment for each RAM Period.

g) The Base Expenses shall be the labor and non-labor operations and maintenance expense amounts approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. Base Expenses shall not include any fuel, purchased power, IRP/DSM, pension, Other Post-Employment Benefits ("OPEB"), or Clean Energy/Renewable Energy Infrastructure or any costs that are subject to recovery through separate rate tracking mechanisms.

h) The Major Capital Projects shall be those capital investment projects that require an application before and approval by the Commission under the Commission's General Order No. 7, but excluding those projects included in the Clean Energy Infrastructure Surcharge.

i) The Baseline Capital Projects shall be the total amounts of capital investment completed and closed to Plant in Service, excluding amounts related to Major Capital Projects.

j) The Return on Investment shall be the overall weighted percentage rate of return on debt and equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case.

k) The Authorized Return on Equity shall be the percentage rate of return on equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case.

l) The Exogenous Tax Changes shall be the changes in tax laws or regulations that are estimated to impact RBA Target Revenues by five hundred thousand dollars (\$500,000) or more.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 107B  
Effective May 4, 2012

REVISED SHEET NO. 107B  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

m) The Rate Base shall be the average net investment estimated for the RAM Period, including each of the elements of rate base reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed in part (f) of Section 2 of the Rate Adjustment Mechanism.

n) The RAM Revenue Adjustment shall be the change in the annual amount of revenue required for the utility to recover the sum of the O&M RAM Adjustment, Depreciation & Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment, using the ratemaking conventions and calculations reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed herein.

o) The RAM Revenue Adjustment determined by this RAM Provision is to be recovered through the RBA Provision commencing on June 1 and over the subsequent 12 months after June 1.

p) Earnings Sharing Revenue Credits shall be the amounts to be returned to customers as credits through the Revenue Balancing Account ("RBA") Provision, so as to implement the earnings sharing percentages and procedures described herein, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

q) Major Capital Projects Credits shall be the amounts to be returned to customers through the Revenue Balancing Account Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific major capital projects that were not placed into service within the first nine months of the preceding RAM Period as expected. Because the Commission's review of the Major Capital Projects' actual costs incurred may not occur until the rate case after the RAM Revenue Adjustment for these Major Capital Projects is collected, Major Capital Projects Credits (including interest) will be returned to customers for the amount of Major Capital Projects costs that the Commission disallows for cost recovery. The Major Capital Projects Credits are to be refunded through the

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.



SHEET NO. 107C  
Effective May 4, 2012

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

r) Baseline Capital Projects Credits shall be the amounts to be returned to customers through the RBA Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific baseline capital projects that are disallowed by the Commission in a subsequent rate case if the disallowance reduces actual Baseline Capital Projects costs below the Baseline Capital Projects cost estimate derived using the method identified in part (f)ii. of Section 2 of the Rate Adjustment Mechanism below. Because the Commission's review of baseline capital projects may not occur until the rate case after such baseline capital projects are included in one or more RAM Revenue Adjustment filings, Baseline Capital Projects Credits shall be used to refund to customers any prior collections (i.e., Return on Investment on Rate Base and Depreciation, plus interest) relating to the amount of Baseline Capital Projects costs that the Commission subsequently disallows for cost recovery. The Baseline Capital Projects Credits are to be refunded through the RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

Rate Adjustment Mechanism

The Company shall file with the Commission, the Consumer Advocate and each party to the Company's most recent rate case proceeding, the schedules specified below:

Evaluation Period Earnings Sharing:

1. For the twelve month period ending December 31, of each year (the "Evaluation Period"), with the filing to be made no

MAUI ELECTRIC COMPANY, LTD.

Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.  
Transmittal Letter Dated May 3, 2012.

SHEET No. 107D  
Effective May 4, 2012

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions  
later than March 31, of the year following the conclusion of  
the Evaluation Period. The schedules will include the  
following:

- a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, and other components of income for return, revenues, and capital structure, cost of debt, overall cost of capital, and return on common equity in the format set forth in the final order establishing the Company's latest effective rates.
- b) All applicable accounting and pro forma adjustments historically required in annual reports filed with the Commission.
- c) Pro-forma adjustments to remove from recorded revenues any out-of-period Earnings Sharing Revenue Credits or Major Capital Projects Credits recorded during the Evaluation Period, and
- d) A calculation comparing the achieved return on average common equity to the following earnings sharing grid, and indicating the Earnings Sharing Revenue Credit that should be recorded within the Revenue Balancing Account to effect the prescribed sharing of earnings above authorized levels:

ROE at or below the Authorized ROE	Retained entirely by shareholders - no customer credits
First 100 basis points (one percent) over Authorized ROE	25% share credit to customers
Next 200 basis points (two percent) over Authorized ROE	50% share credit to customers
All ROE exceeding 300 basis points (three percent) over Authorized ROE	90% share credit to customers

RAM Period RAM Revenue Adjustment:

MAUI ELECTRIC COMPANY, LTD.

Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.  
Transmittal Letter Dated May 3, 2012.

Superseding Sheet No. 107E  
Effective May 4, 2012

REVISED SHEET NO. 107E  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

- 2) The Company shall provide additional schedules indicating the following proposed RAM Revenue Adjustment calculations applicable for the RAM Period using the methodology set forth below:
  - a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:
    - i. The labor component shall be quantified for the RAM Period by application of the Labor Cost Escalation Rate, reduced to account for the Productivity Offset to labor expenses, including payroll taxes. The part of Base Expenses that represents labor costs for merit employees shall not be subject to application of the Labor Cost Escalation rate, nor be reduced by the Productivity Offset.
    - ii. The Non-labor components shall be quantified for the RAM Period by application of the Non-labor Escalation Rate to non-labor Base Expenses. Non-labor components shall exclude fuel, purchased power, pension/OPEBs, IRP/DSM or other rate adjustment provisions.
  - b) Depreciation and Amortization RAM Adjustment shall be quantified for the RAM Period by application of Commission-approved accrual rates and methods to the actual recorded Plant in Service balances at the end of the Evaluation Period.
  - c) The Rate Base RAM - Return on Investment Adjustment shall be determined by multiplying the applicable Pretax Rate of Return times the change in Rate Base. The Pretax Rate of Return shall include related income taxes on the equity components of the Return on Investment rate approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. The quantification of Rate Base is specified in greater detail in part (f) of this Section 2.
  - d) The revenue impact of any Exogenous Tax Changes shall be included in the RAM Period calculation of the RAM Revenue Adjustment.
  - e) Revenue taxes shall be adjusted to account for the change in parts (a) through (d) of this Section 2.
  - f) Rate Base for the RAM Period shall be quantified as follows:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

SHEET NO. 107F  
Effective May 4, 2012

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

- i. Plant in Service, Accumulated Depreciation, Accumulated Deferred Income Taxes and Contributions in Aid of Construction ("CIAC") shall be a two-point average of actual recorded balance sheet data at December 31 of the Evaluation Period, plus projected values at December 31 of the RAM Period determined as prescribed in parts (ii) through (v), below.
- ii. Plant in Service shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period, the simple average of Baseline Capital Projects plant additions recorded in the immediately preceding five calendar years, plus the estimated cost of completed Major Capital Projects that are anticipated to be in service by September 30 of the RAM Period. The cost of Major Capital Projects shall be limited to the dollar amounts previously approved by the Commission, and shall be included at the level of recorded costs if recorded costs are lower than the budget amounts approved by the Commission, and the Commission has not yet reviewed the project costs in a rate case.
- iii. Accumulated Depreciation at December 31 of the RAM Period shall be quantified by increasing the recorded balances at December 31 of the Evaluation Period by the amount set forth in Section 2 part (b) above, consistent with rate-making treatment.
- iv. CIAC shall be quantified by adding to the recorded balance at December 31 of the Evaluation Period an estimate of the net change for the RAM Period. The net change shall be based on a simple average of cash and in-kind CIAC for the immediately preceding five calendar years for programs (i.e., numerous low cost capital projects) plus specific engineering estimates of any contributions for the Major Capital Projects anticipated to be in service by September 30 of the RAM Period.
- v. Accumulated Deferred Income Taxes shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period the estimated tax effect of the depreciation timing difference (i.e., difference between book depreciation and tax depreciation) on the Baseline Capital Projects and Major Capital Projects added to rate base during the RAM Period.

MAUI ELECTRIC COMPANY, LTD.

Superseding Sheet No. 107G  
Effective May 4, 2012

REVISED SHEET NO. 107G  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

- vi. Working Cash and all other elements of rate base not specifically addressed above shall be fixed at the dollar amount approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. These elements of rate base shall be held constant until revised by a future Commission Decision & Order in a general rate case.

g.) See also Settlement Agreement section below.

Evaluation Procedures

Complete, indexed workpapers and electronic files supporting the RAM Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits Schedules shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, coincident with the Annual Evaluation Date filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons. The Consumer Advocate, Other Rate Case Parties, and other interested persons may propose any adjustments determined to be required to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

The RAM Revenue Adjustment, and any prior year RAM Revenue Adjustments, shall be recalculated for errors in prior calculations and for subsequent Commission orders that change the basis of prior calculations. The effect of such changes to the RAM Revenue Adjustment shall be implemented as described in the Revenue Balancing Account Provision.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before the June 1 effective date of the RBA Rate Adjustment described in the RBA Provision tariff, the RBA Rate Adjustment incorporating the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits shall go into effect on the June 1 effective date, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

Notice

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 107H  
Effective May 4, 2012

REVISED SHEET NO. 107H  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

SETTLEMENT AGREEMENT

The provisions in this section are for the sole and limited purpose of implementing the *Stipulated Settlement Agreement between the Hawaiian Electric Companies and the Division of Consumer Advocacy regarding Certain Regulatory Matters*, filed in Docket No. 2008-0083, which the Commission approved in Order No. 31126, issued on March 19, 2013.

The Company will include in the Rate Base RAM - Return on Investment Adjustment and the Depreciation and Amortization RAM Expense Adjustment, in 2013 and subsequent years, the recoverable costs of the Customer Information System ("CIS") project, net of the Stipulated and Commission approved project cost write-downs and as otherwise provided for in the Stipulated Settlement Agreement. Recovery of the CIS costs through the RAM Revenue Adjustment is for the sole purpose of this settlement agreement and does not constitute a precedent for the recovery of any other software or regulatory asset deferred costs through the RAM Revenue Adjustment.

COMMISSION'S AUTHORITY

The Commission may suspend any or all parts of this Rate Adjustment Mechanism Provision. Such suspension shall remain in place until removed by Commission Order.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 108  
Effective May 4, 2012

REVISED SHEET NO. 108  
Effective June 1, 2013

REVENUE BALANCING ACCOUNT ("RBA") PROVISION  
Maui, Lanai, and Molokai Divisions

Supplement To:

Schedule R	- Residential Service
Schedule G	- General Service - Non-Demand
Schedule J	- General Service - Demand
Schedule P	- Large Power Service
Schedule F	- Public Street Lighting
Schedule TOU-R	- Residential Time-of-Use Service
Schedule TOU-G	- Small Commercial Time-of-Use Service
Schedule TOU-J	- Commercial Time-of-Use Service
Schedule TOU-P	- Large Power Time-of-Use Service
Schedule SS	- Standby Service
Schedule TOU EV-	Residential Time-of-Use Service with Electric Vehicle Pilot
Schedule EV-R	- Residential Electric Vehicle Charging Service Pilot
Schedule EV-C	- Commercial Electric Vehicle Charging Service Pilot

All terms and provisions of the above listed rate schedules are applicable except that the total base rate charges for each billing period shall be adjusted by the Revenue Balancing Account Rate Adjustments shown below:

A: PURPOSE:

The purpose of the Revenue Balancing Account ("RBA") is to record: 1) the difference between the Maui Electric Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Maui Electric Company's 2010 test year rate case, Docket No. 2009-0163, consistent with the Final Decision and Order in the Decoupling case, Docket No. 2008-0274.

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

Superseding Sheet No. 108A  
Effective June 1, 2012

REVISED SHEET NO. 108A  
Effective June 1, 2013

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

B: TARGET REVENUE:

For the purpose of the RBA, the target revenue is the annual electric revenue approved by the Public Utilities Commission in the last issued Decision & Order in the Company's most recent test year general rate case, excluding revenue for fuel and purchased power expenses that are recovered either in base rates or in a purchased power adjustment clause; excluding revenue being separately tracked or recovered through any other surcharge or rate tracking mechanism; and excluding amounts for applicable revenue taxes;

Plus: Any effective RAM Revenue Adjustment calculated under the RAM provision for years subsequent to the most recent rate case test year for which the Commission has issued a Decision & Order; and

Less: Any applicable Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits calculated under the RAM provision.

The target revenue shall be revised to correct for any errors in the calculation of the RAM Revenue Adjustment for any previous period and for revisions to RAM Revenue Adjustments as a result of subsequent Commission orders that change the basis of previously calculated RAM Revenue Adjustments. For any corrections of errors in previously calculated RAM Revenue Adjustments, the target revenue shall be adjusted as of the date that the corrected information would have been reflected in target revenue. For changes in the RAM Revenue Adjustment as a result of subsequently issued Commission orders, the target revenue shall be adjusted as of the effective date of tariff rates that are implemented pursuant to the subsequently issued Commission order.

The Commission and the Consumer Advocate will be notified of the target revenue revisions or corrections prior to implementation by the Company. There is no presumption that the target revenue changes are ultimately warranted or correct. In the subsequent annual March 31 decoupling filing, the utility will have the burden to demonstrate that the interim changes are warranted and correctly applied. The Consumer Advocate will provide comments regarding the changes with its Statement of Position. The RBA balance and RBA Rate Adjustment for the following year will reflect any appropriate modifications to the change made by the utility in the prior year if necessary.

Monthly Allocation Factors for the Target Revenue are as follows:

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.



Superseding Sheet No. 108B  
Effective May 4, 2012

REVISED SHEET NO. 108B  
Effective June 1, 2013

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

January	8.29%
February	7.35%
March	8.28%
April	7.88%
May	8.38%
June	8.51%
July	8.87%
August	9.00%
September	8.34%
October	8.78%
November	8.19%
December	<u>8.13%</u>

Total 100.00%

These factors are based on the MWH sales forecast that is approved by the Commission in Maui Electric Company's 2012 test year rate case and shall be updated in any subsequent test year rate case.

C: BALANCING ACCOUNT ENTRIES:

Entries to the RBA will be recorded monthly. A debit entry to the RBA will be made equal to the target revenue as defined in Section B. above, times the appropriate monthly allocation factor in the table above. A credit entry to the RBA will be made equal to the recorded adjusted revenue. The recorded adjusted revenue is defined to include the electric sales revenue from authorized base rates, plus revenue from any authorized interim rate increase, plus revenue from any RBA rate adjustment, but excluding revenue for fuel and purchased power expenses, IRP/DSM, any Commission Ordered one-time rate refunds or credits or other surcharges, and adjusted to remove amounts for applicable revenue taxes.

Interest will be recorded monthly to the RBA by multiplying the simple average of the beginning and ending month balance in the RBA times the Interest Rate divided by 12. The Interest Rate shall be 6 percent.

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

At the Annual Evaluation Date provided in the Rate Adjustment Mechanism Provision, the Company will file with the Commission a statement of the previous calendar year-end balance in the RBA and the RAM Revenue Adjustment for the current calendar year, along with supporting calculations.

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

Superseding Sheet No. 108C  
Effective May 4, 2012

REVISED SHEET NO. 108C  
Effective June 1, 2013

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

Both an amortization of the previous calendar year-end balance in the RBA, adjusted for any Earnings Sharing Revenue Credits or Major Capital Projects Credits, Baseline Capital Projects Credits or corrections, and the RAM Revenue Adjustment will be recovered through a per-kWh RBA rate adjustment, over the 12 months from June 1 of the current calendar year to May 31 of the succeeding calendar year. The recovery through the RBA Rate Adjustment of a RAM Revenue Adjustment calculated for a calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that implement a Commission approved base revenue level authorized in the Company's test year rate case.

Revisions to Target Revenue based on corrections for errors and subsequently issued Commission orders, described in Section B above, will not be reflected in the RBA Rate Adjustment until a succeeding June 1 to May 31 period, unless otherwise ordered or approved by the Commission.

Complete, indexed workpapers and electronic files supporting the previous year-end balance in the RBA shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, coincident with the Annual Evaluation Date filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons. The Consumer Advocate, Other Rate Case Parties, and other interested persons may propose any adjustments determined to be required to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before June 1st, the RBA Rate Adjustment shall go into effect on June 1st, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

The RBA Rate Adjustment is comprised of the calculated values from Section D above, adjusted to include amounts for applicable revenue taxes, and calculated based on the Company's forecast of mWh sales over the RBA Rate Adjustment recovery period.

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

SHEET No. 108D

Effective June 1, 2013

## REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

The RBA Rate Adjustment shall remain unchanged during the recovery period unless further modification is required by order or approval of the Commission, except as specifically provided above.

Effective June 1, 2013 to May 31, 2014

## RBA Rate Adjustment

All Rate Schedules ..... 0.8684. ¢/kWh

## F. NOTICE

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

## G. SETTLEMENT AGREEMENT

This section recognizes that provisions of the *Stipulated Settlement Agreement between the Hawaiian Electric Companies and the Division of Consumer Advocacy regarding Certain Regulatory Matters*, filed in Docket No. 2008-0083, which the Commission approved in Order No. 31126, issued on March 19, 2013 apply to the RBA Provision where appropriate.

## H: COMMISSION'S AUTHORITY

The Commission may suspend any or all parts of this Revenue Balancing Account Provision. Such suspension shall remain in place until removed by Commission Order.

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

## ATTACHMENT 2C

Superseding Sheet No. 100D  
Effective May 4, 2012

REVISED SHEET NO. 100D  
Effective June 1, 2013

MOLOKAI DIVISION

RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
142B	Commercial EV-C	October 1, 2010	Commercial Electric Vehicle Charging Service Pilot
143-143E	"FIT"	December 30, 2011	Schedule FIT Tier 1 and Tier 2
144-144AQ	"FIT"	December 30, 2011	Schedule FIT Appendix I Tier 1 and Tier 2 Agreements
145-145F	"FIT"	December 30, 2011	Schedule FIT Appendix II Queuing and Interconnection Procedures
146.1	"TOU-R"	May 4, 2012	Residential Time-of-Use
146.1A	"TOU-R"	May 4, 2012	Residential Time-of-Use
146.1B	"TOU-R"	January 12, 2011	Residential Time-of-Use
147.1	"TOU-G"	May 4, 2012	Small Commercial Time-of-Use
147.1A	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
147.1B	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
148.1	"TOU-J"	May 4, 2012	Commercial Time-of-Use
148.1A	"TOU-J"	January 12, 2011	Commercial Time-of-Use
148.1B	"TOU-J"	May 4, 2012	Commercial Time-of-Use
149.1	"TOU-P"	May 4, 2012	Large Power Time-of-Use
149.1A	"TOU-P"	January 12, 2011	Large Power Time-of-Use
149.1B	"TOU-P"	January 12, 2011	Large Power Time-of-Use
150	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
150A	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
150B	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
151	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 100E  
Effective June 1, 2012

REVISED SHEET NO. 100E  
Effective June 1, 2013

MOLOKAI DIVISION  
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
151A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
151B	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
151C	"RAM"	May 4, 2012	Rate Adjustment Mechanism Provision
151D	"RAM"	May 4, 2012	Rate Adjustment Mechanism Provision
151E	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
151F	"RAM"	May 4, 2012	Rate Adjustment Mechanism Provision
151G	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
151H	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
152	"RBA"	June 1, 2013	Revenue Balancing Account Provision
152A	"RBA"	June 1, 2013	Revenue Balancing Account Provision
152B	"RBA"	June 1, 2013	Revenue Balancing Account Provision
152C	"RBA"	June 1, 2013	Revenue Balancing Account Provision
152D	"RBA"	June 1, 2013	Revenue Balancing Account Provision

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 151  
Effective May 4, 2012

REVISED SHEET NO. 151  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

This mechanism is subject to review and continuation, termination or modification in the utility's next base rate case proceeding, upon a showing by the utility and finding by the Commission that continuation or modification is appropriate. As part of its submitted testimony in the base rate case, the Company will include a summary report on the status of certain HCEI initiatives. The RAM mechanism is designed to determine the change in annual utility base revenue levels, recognizing certain estimated changes in the utility's cost to provide service. If, through the application of this mechanism, it is determined that annual utility base revenues should be decreased or increased, then the RAM Revenue Adjustment will be applied within the Revenue Balancing Account Provision. The RAM Revenue Adjustment established for a RAM Period calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that are implemented pursuant to a Commission Decision & Order for that test year.

Definitions

- a) The Annual Evaluation Date shall be the Date the Company will make its annual filing under this mechanism. The Annual Evaluation Date shall be no later than March 31st of each year, commencing March 31, 2012.
- b) The Evaluation Period is defined as the historical twelve month period ending December 31, of each calendar year preceding the Annual Evaluation Date. The Evaluation Period is used solely to determine achieved earnings and any sharing of such earnings above the Authorized Return on Equity.
- c) The RAM Period is defined as the calendar year containing the Annual Evaluation Date.
- d) The Labor Cost Escalation Rate shall be the applicable annual percentage general wage rate increase provided for in currently effective union labor agreements for use in escalating wage and salary Base Expenses for union employees to determine the RAM Revenue Adjustment for each RAM Period. In the event no union labor agreement exists for a RAM Period, the most recently effective annual general percentage increase rate shall apply.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 151A  
Effective May 4, 2012

REVISED SHEET NO. 151A  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

e) The Non-labor Cost Escalation Rate shall be the consensus estimated annual change in the Gross Domestic Product Price Indicator ("GDPPI") to escalate non-labor Base Expenses to determine the RAM Revenue Adjustment for each RAM Period. The GDPPI escalation rate shall be the consensus projection published by the Blue Chip Economic Indicators (Aspen Publishing) each February for the current RAM Period. In the event that the Blue Chip Economic Indicators forecast of the GDPPI is not available, the Consumer Advocate, Company, and other parties to the most recent rate case, with approval of the Commission, shall jointly select an alternative data source, or national economic index similar to GDPPI, as appropriate.

f) The annual Labor Productivity Offset shall be fixed at 0.76 percent (76/100 of one percent) and will be subtracted from the Labor Cost Escalation Rates applicable to Base Expenses to determine the authorized RAM Revenue Adjustment for each RAM Period.

g) The Base Expenses shall be the labor and non-labor operations and maintenance expense amounts approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. Base Expenses shall not include any fuel, purchased power, IRP/DSM, pension, Other Post-Employment Benefits ("OPEB"), or Clean Energy/Renewable Energy Infrastructure or any costs that are subject to recovery through separate rate tracking mechanisms.

h) The Major Capital Projects shall be those capital investment projects that require an application before and approval by the Commission under the Commission's General Order No. 7, but excluding those projects included in the Clean Energy Infrastructure Surcharge.

i) The Baseline Capital Projects shall be the total amounts of capital investment completed and closed to Plant in Service, excluding amounts related to Major Capital Projects.

j) The Return on Investment shall be the overall weighted percentage rate of return on debt and equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case.

k) The Authorized Return on Equity shall be the percentage rate of return on equity capital approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case.

l) The Exogenous Tax Changes shall be the changes in tax laws or regulations that are estimated to impact RBA Target Revenues by five hundred thousand dollars (\$500,000) or more.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.



Superseding Sheet No. 151B  
Effective May 4, 2012

REVISED SHEET NO. 151B  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

m) The Rate Base shall be the average net investment estimated for the RAM Period, including each of the elements of rate base reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed in part (f) of Section 2 of the Rate Adjustment Mechanism.

n) The RAM Revenue Adjustment shall be the change in the annual amount of revenue required for the utility to recover the sum of the O&M RAM Adjustment, Depreciation & Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment, using the ratemaking conventions and calculations reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed herein.

o) The RAM Revenue Adjustment determined by this RAM Provision is to be recovered through the RBA Provision commencing on June 1 and over the subsequent 12 months after June 1.

p) Earnings Sharing Revenue Credits shall be the amounts to be returned to customers as credits through the Revenue Balancing Account ("RBA") Provision, so as to implement the earnings sharing percentages and procedures described herein, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

q) Major Capital Projects Credits shall be the amounts to be returned to customers through the Revenue Balancing Account Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific major capital projects that were not placed into service within the first nine months of the preceding RAM Period as expected. Because the Commission's review of the Major Capital Projects' actual costs incurred may not occur until the rate case after the RAM Revenue Adjustment for these Major Capital Projects is collected, Major Capital Projects Credits (including interest) will be returned to customers for the amount of Major Capital Projects costs that the Commission disallows for cost recovery. The Major Capital Projects Credits are to be refunded through the

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

SHEET NO. 151C  
Effective May 4, 2012

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

r) Baseline Capital Projects Credits shall be the amounts to be returned to customers through the RBA Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific baseline capital projects that are disallowed by the Commission in a subsequent rate case if the disallowance reduces actual Baseline Capital Projects costs below the Baseline Capital Projects cost estimate derived using the method identified in part (f)ii. of Section 2 of the Rate Adjustment Mechanism below. Because the Commission's review of baseline capital projects may not occur until the rate case after such baseline capital projects are included in one or more RAM Revenue Adjustment filings, Baseline Capital Projects Credits shall be used to refund to customers any prior collections (i.e., Return on Investment on Rate Base and Depreciation, plus interest) relating to the amount of Baseline Capital Projects costs that the Commission subsequently disallows for cost recovery. The Baseline Capital Projects Credits are to be refunded through the RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

Rate Adjustment Mechanism

The Company shall file with the Commission, the Consumer Advocate and each party to the Company's most recent rate case proceeding, the schedules specified below:

Evaluation Period Earnings Sharing:

1. For the twelve month period ending December 31, of each year (the "Evaluation Period"), with the filing to be made no

MAUI ELECTRIC COMPANY, LTD.

Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.

Transmittal Letter Dated May 3, 2012.

SHEET No. 151D  
Effective May 4, 2012

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions  
later than March 31, of the year following the conclusion of  
the Evaluation Period. The schedules will include the  
following:

- a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, and other components of income for return, revenues, and capital structure, cost of debt, overall cost of capital, and return on common equity in the format set forth in the final order establishing the Company's latest effective rates.
- b) All applicable accounting and pro forma adjustments historically required in annual reports filed with the Commission.
- c) Pro-forma adjustments to remove from recorded revenues any out-of-period Earnings Sharing Revenue Credits or Major Capital Projects Credits recorded during the Evaluation Period, and
- d) A calculation comparing the achieved return on average common equity to the following earnings sharing grid, and indicating the Earnings Sharing Revenue Credit that should be recorded within the Revenue Balancing Account to effect the prescribed sharing of earnings above authorized levels:

ROE at or below the Authorized ROE	Retained entirely by shareholders - no customer credits
First 100 basis points (one percent) over Authorized ROE	25% share credit to customers
Next 200 basis points (two percent) over Authorized ROE	50% share credit to customers
All ROE exceeding 300 basis points (three percent) over Authorized ROE	90% share credit to customers

RAM Period RAM Revenue Adjustment:

MAUI ELECTRIC COMPANY, LTD.

Docket No. 2009-0163; Decision and Order No. 30365, Filed May 2, 2012.  
Transmittal Letter Dated May 3, 2012.

Superseding Sheet No. 151E  
Effective May 4, 2012

REVISED SHEET NO. 151E  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

- 2) The Company shall provide additional schedules indicating the following proposed RAM Revenue Adjustment calculations applicable for the RAM Period using the methodology set forth below:
  - a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:
    - i. The labor component shall be quantified for the RAM Period by application of the Labor Cost Escalation Rate, reduced to account for the Productivity Offset to labor expenses, including payroll taxes. The part of Base Expenses that represents labor costs for merit employees shall not be subject to application of the Labor Cost Escalation rate, nor be reduced by the Productivity Offset.
    - ii. The Non-labor components shall be quantified for the RAM Period by application of the Non-labor Escalation Rate to non-labor Base Expenses. Non-labor components shall exclude fuel, purchased power, pension/OPEBs, IRP/DSM or other rate adjustment provisions.
  - b) Depreciation and Amortization RAM Adjustment shall be quantified for the RAM Period by application of Commission-approved accrual rates and methods to the actual recorded Plant in Service balances at the end of the Evaluation Period.
  - c) The Rate Base RAM - Return on Investment Adjustment shall be determined by multiplying the applicable Pretax Rate of Return times the change in Rate Base. The Pretax Rate of Return shall include related income taxes on the equity components of the Return on Investment rate approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. The quantification of Rate Base is specified in greater detail in part (f) of this Section 2.
  - d) The revenue impact of any Exogenous Tax Changes shall be included in the RAM Period calculation of the RAM Revenue Adjustment.
  - e) Revenue taxes shall be adjusted to account for the change in parts (a) through (d) of this Section 2.
  - f) Rate Base for the RAM Period shall be quantified as follows:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

SHEET NO. 151F  
Effective May 4, 2012

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

- i. Plant in Service, Accumulated Depreciation, Accumulated Deferred Income Taxes and Contributions in Aid of Construction ("CIAC") shall be a two-point average of actual recorded balance sheet data at December 31 of the Evaluation Period, plus projected values at December 31 of the RAM Period determined as prescribed in parts (ii) through (v), below.
- ii. Plant in Service shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period, the simple average of Baseline Capital Projects plant additions recorded in the immediately preceding five calendar years, plus the estimated cost of completed Major Capital Projects that are anticipated to be in service by September 30 of the RAM Period. The cost of Major Capital Projects shall be limited to the dollar amounts previously approved by the Commission, and shall be included at the level of recorded costs if recorded costs are lower than the budget amounts approved by the Commission, and the Commission has not yet reviewed the project costs in a rate case.
- iii. Accumulated Depreciation at December 31 of the RAM Period shall be quantified by increasing the recorded balances at December 31 of the Evaluation Period by the amount set forth in Section 2 part (b) above, consistent with rate-making treatment.
- iv. CIAC shall be quantified by adding to the recorded balance at December 31 of the Evaluation Period an estimate of the net change for the RAM Period. The net change shall be based on a simple average of cash and in-kind CIAC for the immediately preceding five calendar years for programs (i.e., numerous low cost capital projects) plus specific engineering estimates of any contributions for the Major Capital Projects anticipated to be in service by September 30 of the RAM Period.
- v. Accumulated Deferred Income Taxes shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period the estimated tax effect of the depreciation timing difference (i.e., difference between book depreciation and tax depreciation) on the Baseline Capital Projects and Major Capital Projects added to rate base during the RAM Period.

MAUI ELECTRIC COMPANY, LTD.

Superseding Sheet No. 151G  
Effective May 4, 2012

REVISED SHEET NO. 151G  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

- vi. Working Cash and all other elements of rate base not specifically addressed above shall be fixed at the dollar amount approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. These elements of rate base shall be held constant until revised by a future Commission Decision & Order in a general rate case.

g.) See also Settlement Agreement section below.

Evaluation Procedures

Complete, indexed workpapers and electronic files supporting the RAM Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits Schedules shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, coincident with the Annual Evaluation Date filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons. The Consumer Advocate, Other Rate Case Parties, and other interested persons may propose any adjustments determined to be required to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

The RAM Revenue Adjustment, and any prior year RAM Revenue Adjustments, shall be recalculated for errors in prior calculations and for subsequent Commission orders that change the basis of prior calculations. The effect of such changes to the RAM Revenue Adjustment shall be implemented as described in the Revenue Balancing Account Provision.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before the June 1 effective date of the RBA Rate Adjustment described in the RBA Provision tariff, the RBA Rate Adjustment incorporating the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, and Major and Baseline Capital Projects Credits shall go into effect on the June 1 effective date, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

Notice

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 151H  
Effective May 4, 2012

REVISED SHEET NO. 151H  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

SETTLEMENT AGREEMENT

The provisions in this section are for the sole and limited purpose of implementing the *Stipulated Settlement Agreement between the Hawaiian Electric Companies and the Division of Consumer Advocacy regarding Certain Regulatory Matters*, filed in Docket No. 2008-0083, which the Commission approved in Order No. 31126, issued on March 19, 2013.

The Company will include in the Rate Base RAM - Return on Investment Adjustment and the Depreciation and Amortization RAM Expense Adjustment, in 2013 and subsequent years, the recoverable costs of the Customer Information System ("CIS") project, net of the Stipulated and Commission approved project cost write-downs and as otherwise provided for in the Stipulated Settlement Agreement. Recovery of the CIS costs through the RAM Revenue Adjustment is for the sole purpose of this settlement agreement and does not constitute a precedent for the recovery of any other software or regulatory asset deferred costs through the RAM Revenue Adjustment.

COMMISSION'S AUTHORITY

The Commission may suspend any or all parts of this Rate Adjustment Mechanism Provision. Such suspension shall remain in place until removed by Commission Order.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 152  
Effective May 4, 2012

REVISED SHEET NO. 152  
Effective June 1, 2013

REVENUE BALANCING ACCOUNT ("RBA") PROVISION  
Maui, Lanai, and Molokai Divisions

Supplement To:

Schedule R	- Residential Service
Schedule G	- General Service - Non-Demand
Schedule J	- General Service - Demand
Schedule P	- Large Power Service
Schedule F	- Public Street Lighting
Schedule TOU-R	- Residential Time-of-Use Service
Schedule TOU-G	- Small Commercial Time-of-Use Service
Schedule TOU-J	- Commercial Time-of-Use Service
Schedule TOU-P	- Large Power Time-of-Use Service
Schedule SS	- Standby Service
Schedule TOU EV-	Residential Time-of-Use Service with Electric Vehicle Pilot
Schedule EV-R	- Residential Electric Vehicle Charging Service Pilot
Schedule EV-C	- Commercial Electric Vehicle Charging Service Pilot

All terms and provisions of the above listed rate schedules are applicable except that the total base rate charges for each billing period shall be adjusted by the Revenue Balancing Account Rate Adjustments shown below:

A: PURPOSE:

The purpose of the Revenue Balancing Account ("RBA") is to record: 1) the difference between the Maui Electric Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Maui Electric Company's 2010 test year rate case, Docket No. 2009-0163, consistent with the Final Decision and Order in the Decoupling case, Docket No. 2008-0274.

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.



Superseding Sheet No. 152A  
Effective June 1, 2012

REVISED SHEET NO. 152A  
Effective June 1, 2013

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

B: TARGET REVENUE:

For the purpose of the RBA, the target revenue is the annual electric revenue approved by the Public Utilities Commission in the last issued Decision & Order in the Company's most recent test year general rate case, excluding revenue for fuel and purchased power expenses that are recovered either in base rates or in a purchased power adjustment clause; excluding revenue being separately tracked or recovered through any other surcharge or rate tracking mechanism; and excluding amounts for applicable revenue taxes;

Plus: Any effective RAM Revenue Adjustment calculated under the RAM provision for years subsequent to the most recent rate case test year for which the Commission has issued a Decision & Order; and

Less: Any applicable Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits calculated under the RAM provision.

The target revenue shall be revised to correct for any errors in the calculation of the RAM Revenue Adjustment for any previous period and for revisions to RAM Revenue Adjustments as a result of subsequent Commission orders that change the basis of previously calculated RAM Revenue Adjustments. For any corrections of errors in previously calculated RAM Revenue Adjustments, the target revenue shall be adjusted as of the date that the corrected information would have been reflected in target revenue. For changes in the RAM Revenue Adjustment as a result of subsequently issued Commission orders, the target revenue shall be adjusted as of the effective date of tariff rates that are implemented pursuant to the subsequently issued Commission order.

The Commission and the Consumer Advocate will be notified of the target revenue revisions or corrections prior to implementation by the Company. There is no presumption that the target revenue changes are ultimately warranted or correct. In the subsequent annual March 31 decoupling filing, the utility will have the burden to demonstrate that the interim changes are warranted and correctly applied. The Consumer Advocate will provide comments regarding the changes with its Statement of Position. The RBA balance and RBA Rate Adjustment for the following year will reflect any appropriate modifications to the change made by the utility in the prior year if necessary.

Monthly Allocation Factors for the Target Revenue are as follows:

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

Superseding Sheet No. 152B  
Effective May 4, 2012

REVISED SHEET NO. 152B  
Effective June 1, 2013

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

January	8.29%
February	7.35%
March	8.28%
April	7.88%
May	8.38%
June	8.51%
July	8.87%
August	9.00%
September	8.34%
October	8.78%
November	8.19%
December	<u>8.13%</u>

Total 100.00%

These factors are based on the MWH sales forecast that is approved by the Commission in Maui Electric Company's 2012 test year rate case and shall be updated in any subsequent test year rate case.

C: BALANCING ACCOUNT ENTRIES:

Entries to the RBA will be recorded monthly. A debit entry to the RBA will be made equal to the target revenue as defined in Section B. above, times the appropriate monthly allocation factor in the table above. A credit entry to the RBA will be made equal to the recorded adjusted revenue. The recorded adjusted revenue is defined to include the electric sales revenue from authorized base rates, plus revenue from any authorized interim rate increase, plus revenue from any RBA rate adjustment, but excluding revenue for fuel and purchased power expenses, IRP/DSM, any Commission Ordered one-time rate refunds or credits or other surcharges, and adjusted to remove amounts for applicable revenue taxes.

Interest will be recorded monthly to the RBA by multiplying the simple average of the beginning and ending month balance in the RBA times the Interest Rate divided by 12. The Interest Rate shall be 6 percent.

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

At the Annual Evaluation Date provided in the Rate Adjustment Mechanism Provision, the Company will file with the Commission a statement of the previous calendar year-end balance in the RBA and the RAM Revenue Adjustment for the current calendar year, along with supporting calculations.

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

Superseding Sheet No. 152C  
Effective May 4, 2012

REVISED SHEET NO. 152C  
Effective June 1, 2013

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

Both an amortization of the previous calendar year-end balance in the RBA, adjusted for any Earnings Sharing Revenue Credits or Major Capital Projects Credits, Baseline Capital Projects Credits or corrections, and the RAM Revenue Adjustment will be recovered through a per-kWh RBA rate adjustment, over the 12 months from June 1 of the current calendar year to May 31 of the succeeding calendar year. The recovery through the RBA Rate Adjustment of a RAM Revenue Adjustment calculated for a calendar year that is also a rate case test year shall terminate on the effective date of tariff rates that implement a Commission approved base revenue level authorized in the Company's test year rate case.

Revisions to Target Revenue based on corrections for errors and subsequently issued Commission orders, described in Section B above, will not be reflected in the RBA Rate Adjustment until a succeeding June 1 to May 31 period, unless otherwise ordered or approved by the Commission.

Complete, indexed workpapers and electronic files supporting the previous year-end balance in the RBA shall be provided to the Commission, the Consumer Advocate and all other parties to the Utility's most recent rate case proceeding ("Other Rate Case Parties"), if any, coincident with the Annual Evaluation Date filing. The Company will be prepared to provide information as may be requested to ensure adequate review by the Commission, Consumer Advocate, Other Rate Case Parties, and other interested persons. The Consumer Advocate, Other Rate Case Parties, and other interested persons may propose any adjustments determined to be required to bring the schedules into compliance with the above provisions and will work collaboratively to reach agreement on any proposed adjustments.

As described in Sections 6-61-61 and 6-61-111 of the Hawaii Administrative Rules, Title 6, Chapter 61, based upon the Company's filed schedules and in the absence of any protests submitted by the Consumer Advocate, Other Rate Case Parties, or other interested persons, not later than 15 days before June 1st, the RBA Rate Adjustment shall go into effect on June 1st, and the Commission shall confirm the commencement of the RBA Rate Adjustment in its monthly Tariff Order.

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

The RBA Rate Adjustment is comprised of the calculated values from Section D above, adjusted to include amounts for applicable revenue taxes, and calculated based on the Company's forecast of mWh sales over the RBA Rate Adjustment recovery period.

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

SHEET No. 152D

Effective June 1, 2013

## REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

The RBA Rate Adjustment shall remain unchanged during the recovery period unless further modification is required by order or approval of the Commission, except as specifically provided above.

Effective June 1, 2013 to May 31, 2014

## RBA Rate Adjustment

All Rate Schedules ..... 0.8684. ¢/kWh

## F. NOTICE

Notice of the annual Revenue Balancing Account Rate Adjustment filing shall be provided to all affected customers of the Utility in accordance with the provisions of this section by publication in newspapers of general circulation within 14 days and by including notification with its billing statements within 60 days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

- a) A description of the proposed revision of revenues, Earnings Sharing Credits, and Major or Baseline Capital Projects Credits;
- b) The effect on the rates applicable to each customer class and on the typical bill for residential customers; and
- c) The Company's address, telephone number and website where information concerning the proposed Revenue Balancing Account Rate Adjustment may be obtained.

## G. SETTLEMENT AGREEMENT

This section recognizes that provisions of the *Stipulated Settlement Agreement between the Hawaiian Electric Companies and the Division of Consumer Advocacy regarding Certain Regulatory Matters*, filed in Docket No. 2008-0083, which the Commission approved in Order No. 31126, issued on March 19, 2013 apply to the RBA Provision where appropriate.

## H: COMMISSION'S AUTHORITY

The Commission may suspend any or all parts of this Revenue Balancing Account Provision. Such suspension shall remain in place until removed by Commission Order.

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

STATE OF HAWAII                               )  
  )     SS.  
CITY AND COUNTY OF HONOLULU       )

Patsy H. Nanbu  
Patsy H. Nanbu

A circular notary seal for Deborah Ichishita, a Notary Public in the State of Hawaii. The seal features the text "DEBORAH ICHISHITA" at the top, "NOTARY PUBLIC" in the center, and "STATE OF HAWAII" at the bottom. The commission number "04-409" is also displayed in the center. The seal is surrounded by a decorative border of small stars.

Deborah Ichi Keta  
DEBORAH ICHISHITA

My Commission expires **July 18, 2016**

**STATE OF HAWAII NOTARY CERTIFICATION**

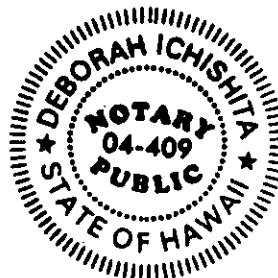
Doc. Date: 5/1/2013 # of pages 134

Notary Name: DEBORAH ICHISHITA First Circuit

Doc. Description: MECO Application

Transmittal No. 13-04 (Decoupling)

Deborah Ichishita 5/1/13  
Notary Signature Date



CERTIFICATE OF SERVICE

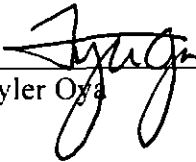
I hereby certify that the foregoing Transmittal No. 13-04 was served on the date of filing  
by hand delivery, as indicated below.

Jeffrey T. Ono  
Executive Director  
Division of Consumer Advocacy  
Department of Commerce and Consumer Affairs  
335 Merchant Street, Room 326  
Honolulu, Hawaii 96813

2 copies  
via Hand Delivery

Dated: Honolulu, Hawaii, May 1, 2013.

HAWAIIAN ELECTRIC COMPANY, INC.

  
Tyler Oya