BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of
HAWAIIAN ELECTRIC COMPANY, INC.
For Approval to Modify the RBA Rate Adjustment in its Revenue Balancing Account Provision Tariff

TRANSMITTAL NO. 11-02
EFFECTIVE DATE: JUNE 1, 2011

ORDER REGARDING ATTACHMENT 5
AND DIRECTING HECO TO FILE TARIFF AMENDMENTS
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of )
) Transmittal No. 11-02
HAWAIIAN ELECTRIC COMPANY, INC. ) Effective
) Date: June 1, 2011
For Approval to Modify the RBA Rate )
Adjustment in its Revenue Balancing )
Account Provision Tariff )

ORDER REGARDING ATTACHMENT 5
AND DIRECTING HECO TO FILE TARIFF AMENDMENTS

By this Order, the commission approves the position of the DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF CONSUMER ADVOCACY ("Consumer Advocate") on whether HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO")\(^1\) decoupling tariffs allow for the accrual and recovery of Revenue Adjustment Mechanism ("RAM") revenues for months prior to the effective date of revisions to the Revenue Balancing Account ("RBA") Tariff, as set forth in its Comments on Attachment 5 to Hawaiian Electric Company, Inc.'s Transmittal No. 11-02, filed on April 21, 2011, and in its Statement of Position on Hawaiian Electric Company, Inc.'s Transmittal No. 11-02, filed on April 29, 2011 ("Consumer Advocate's SOP").

The commission thoroughly examined the Parties' position statements on Attachment 5 to HECO's Transmittal

\(^1\)"Parties" will refer to HECO and the Consumer Advocate, an ex officio party to this proceeding pursuant to Hawaii Revised Statutes § 269-51 and Hawaii Administrative Rules ("HAR") § 6-61-62. No parties filed a protest of Transmittal No. 11-02 under HAR § 6-61-61 within fifteen days of the June 1, 2011 effective date of Transmittal No. 11-02, or by May 17, 2011.
No. 11-02, and also the relevant parts of the record in the commission's decoupling docket, Docket No. 2008-0274. After further balancing the policy implications underlying both positions, the commission agrees with the Consumer Advocate's approach, which reduces, but does not entirely eliminate regulatory lag, and is administratively simpler to implement.

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

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

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

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

DONE at Honolulu, Hawaii MAY 20, 2011.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By (Handwritten Signature) Hermina Morita, Chair

By (Handwritten Signature) Carlito P. Caliboso, Commissioner

APPROVED AS TO FORM:

By (Handwritten Signature) John E. Cole, Commissioner

Kaiulani Kidani Shinsato
Commission Counsel

Trans. No. 11-02.HECO DC Tariff Order.cp
CERTIFICATE OF SERVICE

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

JEFFREY T. ONO
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