

March 5, 2018

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

PUBLIC UTILITIES
COMMISSION

Dear Commissioners:

Subject: Docket No. 2016-0328 – Hawaiian Electric 2017 Test Year Rate Case
Parties' Stipulated Settlement on Remaining Issues

By this letter, Hawaiian Electric and the Consumer Advocate¹ hereby notify the Commission that they have reached a stipulated settlement with respect to the Amended Statement of Issues as set forth in Order No. 35291 filed February 21, 2018 ("Stipulated Settlement of Remaining Issues" or "Agreement"). Exhibit 1 to this letter discusses the Parties' respective statements and positions on the Issues and documents the specific terms of settlement. This Agreement resolves, between the Parties, all issues included in the Amended Statement of Issues ("Remaining Issues"), except for Issue Number 4.a. As a result, subject to Commission acceptance of this Agreement, the Parties waive their right to evidentiary hearing on the Remaining Issues.

The Parties previously settled all issues in this case, as documented in their November 15, 2017 Stipulated Settlement Agreement. The Commission's December 15, 2017 Interim Decision and Order No. 35100 ("Interim D&O") did not completely accept that settlement. Instead, it made adjustments and reserved for further examination the Deferred Matters.² On January 11, 2018, the Commission issued Order No. 35219, setting forth certain "Remaining Issues"³ to govern the remainder of this proceeding.

As documented in the record, Hawaiian Electric firmly maintains that no further material revenue reductions are justified or should be made with respect to the Remaining Issues and, on the contrary, the temporary \$5 million baseline plant "hold back" included in the Interim D&O should be fully restored. The Consumer Advocate, as evidenced by the November 2017 Stipulated Settlement Agreement and its supplemental testimonies filed on February 14, 2018, has not sought any revenue reductions with respect to the Remaining Issues and did not seek or support the baseline plant hold back.

¹ Hawaiian Electric Company, Inc. ("Hawaiian Electric" or "Company") and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs ("Consumer Advocate") (collectively referred to as the "Parties").

² Interim D&O, pages 58-62.

³ Order No. 35219, pages 8-10. On February 9, 2018, the Commission issued Order No. 35281 amended the "Remaining Issues."

Nevertheless, the Parties acknowledge the Commission's concerns and questions expressed with respect to the Remaining Issues. At the same time, the Parties, Participants and the Commission will all expend considerable amounts of their limited resources fully litigating and adjudicating the Remaining Issues. Thus, the Parties recognize there is value in brokering a compromise that will provide a reasonable resolution of the Remaining Issues and save time and resources and believe such a compromise serves the public interest. This Agreement is submitted with that intent.

Remaining Issues 1 through 4 involve different matters and concerns with various outcomes possible. In the interest of compromise and in an attempt to provide an equitable and composite resolution of those multiple issues, this Agreement includes a single, easily implementable revenue requirement reduction and refinement of the stipulated return on common equity ("ROE") to settle Remaining Issues 1 through 4.

Remaining Issue 5 involves examination with respect to how and when the 2017 Tax Cuts and Jobs Act ("Tax Act") impacts should be implemented in rates. As evidenced in the record in this proceeding, and as noted in Exhibit 1, the Parties have had different and conflicting positions on how some material impacts of the Tax Act should be treated for ratemaking purposes. This Agreement represents a compromise and resolution of those differences, which will allow the expedited recognition of Tax Act benefits for ratepayers. The estimated amount of those net benefits is a reduction in revenue requirement of \$38,306,000, as shown in Exhibit 2.⁴

Considered together, the resolution of Remaining Issues 1 through 5 by this Agreement will result in an estimated typical residential bill reduction of \$0.76 per month.⁵

More specifically, as set forth in Exhibit 1:

1. Hawaiian Electric accepts a new general \$5 million revenue requirement reduction ("Customer Benefit Adjustment #2") to be reflected in the Company's Results of Operations as a single line item that reduces operation and maintenance expenses and will be reflected in final base rates in this case. This adjustment is in addition to the \$6,000,000 (grossed up for revenue taxes) Customer Benefit Adjustment⁶

⁴ As stated in Exhibit 1, for those excess accumulated deferred income tax ("ADIT") balances that are subject to the average rate assumption method ("ARAM") normalization, ratemaking and financial accounting amortization will be delayed until more accurate quantification of such amounts can be determined in future rate cases.

⁵ Specifically, resolution of the Remaining Issues by this Agreement will result in a reduction of \$603,000 from revenues at current effective rates, based on a 2017 test year revenue requirement of \$1,534,840,000, as shown on Exhibit 2C. In addition, as called for in Exhibit 1, the Company will credit customers \$63,036 per day for the number of days between January 1, 2018 (the effective date of the change in the corporate income tax rate due to the Tax Act) and the effective date of reduced interim rates.

⁶ This will be referred to as Customer Benefit Adjustment #1.

that the Company proposes to make to return the full effect of the benefits related to the Net Pension Regulatory Asset Reduction in its supplemental testimonies.

2. Based on item 1 above, the Parties agree that the "hold-back" of \$5 million relating to baseline plant additions from 2014 through the 2017 test year ordered in the Interim D&O should not be included in any subsequent orders setting rates for the Company's 2017 test year. As a result of this item and item 1 above, the final approved rates in this case would essentially equal the interim rates approved by the Commission on February 9, 2018, subject to adjustment relating to (a) approval of ECAC tariff language included in the Parties' November 2017 Stipulated Settlement and included in proposed in HECO's Statement of Probable Entitlement (Issue 4. b), and (b) implementation of Tax Act impacts as discussed in Exhibit 1.
3. The Parties agree that the fair rate of return on rate base shall be determined using the adjusted capital structure, and debt and preferred stock cost rates, included in the November 2017 Stipulated Settlement, and an ROE of 9.5%.⁷
4. The Parties agree that the November 2017 Stipulated Settlement remains intact, to the extent not inconsistent with or impacted by (1) the Interim Decision and Order, as modified by Order No. 35229, or (2) this Stipulated Settlement of Remaining Issues.
5. Hawaiian Electric agrees that Issue 4.a (Blue Planet proposals) should be decided by the Commission based on the facts and law already submitted in the record and the Company waives an evidentiary hearing on this matter subject to the acceptance of this Agreement.⁸
6. Subject to approval of this Agreement, the Parties waive their rights to an evidentiary hearing on all Remaining Issues.⁹

The Parties acknowledge that this Agreement has been reached shortly before the scheduled evidentiary hearings. However, the Parties respectfully submit that settlement at this time is reasonable and constructive considering the overall proceedings in this case and Commission policy. The Commission stated in Procedural Order No. 34721 filed July 28, 2017 (page 22):

⁷ This modifies the November 2017 Stipulated Settlement, which stipulated to a 9.75% ROE subject to adjustment, if at all, for the effect of Decoupling on cost of capital.

⁸ Hawaiian Electric does not waive, and expressly reserves, any right to appeal a decision and order on this Issue. This stipulation by Hawaiian Electric should not be construed in any way as agreement or support for any aspect of Blue Planet's proposals relating to Issue 4 a. The Company maintains that those proposals should be rejected in their entirety.

⁹ Under HRS § 91-9(d): "Any procedure in a contested case may be modified or waived by stipulation of the parties and informal disposition may be made of any contested case by stipulation, agreed settlement, consent order, or default."

It is the commission's policy to encourage settlement at any convenient time during the proceeding. Accordingly, notwithstanding the deadlines for "Settlement Discussion" and submitting a "Joint Settlement Letter" in the Procedural Schedule, the commission clarifies that this does not mean that settlement discussions cannot be conducted outside of this specific time period or that settlement agreements will not be accepted after a certain date.

Accordingly, the Parties are submitting this stipulated settlement even though there is no remaining procedural step that provides for such a submission.

If the Commission intends to consider material adjustments to the Stipulated Settlement of Remaining Issues or issues a final decision and order that makes a material adjustment to the Agreement, then the Company and the Consumer Advocate reserve their rights to an evidentiary hearing with respect to such adjustment(s).

The Parties will continue to abide by the deadlines and requirements of the Prehearing Conference Order filed February 26, 2018 unless and until ordered otherwise by the Commission. In the interest of preservation of resources, the Parties would appreciate notice as soon as reasonably possible from the Commission whether, based on this Agreement, the evidentiary hearing, scheduled for March 12-16, 2018, will be postponed or cancelled.

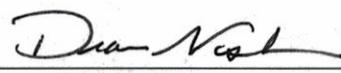
Hawaiian Electric and the Consumer Advocate request the Commission to approve this Stipulated Settlement of Remaining Issues in total for the purposes of determining any additional interim increases, final revenue increases, revenue requirements and rate design for this proceeding.

The Company is providing electronic copies of the Stipulated Settlement of Remaining Issues to the Commission, the Consumer Advocate, and the Participants.

DATED: Honolulu, Hawai'i, March 5, 2018.



JOSEPH P. VIOLA
Vice President
Regulatory Affairs
Hawaiian Electric Company, Inc.



DEAN NISHINA
Executive Director
Division of Consumer Advocacy
Department of Commerce and Consumer Affairs

Enclosures

DOCKET NO. 2016-0328

HAWAIIAN ELECTRIC 2017 TEST YEAR RATE CASE
AGREEMENTS REACHED BETWEEN
HAWAIIAN ELECTRIC AND THE CONSUMER ADVOCATE

INTRODUCTION

This exhibit explains the agreements between Hawaiian Electric Company, Inc. (“Hawaiian Electric” or “Company”) and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs (“Consumer Advocate”) (collectively, the “Parties”) with respect to the Amended Statement of Issues as set forth in Order No. 35291 filed February 21, 2018 (“Stipulated Settlement of Remaining Issues” or “Agreement”). The Agreement resolves, between the Parties, all issues included in the Amended Statement of Issues (“Remaining Issues”), except for Issue Number 4.a (the ECAC modifications proposed by Participant Blue Planet), which Hawaiian Electric agrees can be decided based on the evidence already in the record in this docket.¹

This exhibit provides summarizes the various positions of the Parties on the Remaining Issues 1-4, followed by a section “Agreements with Respect to Remaining Issues 1-4,” which provides the Parties’ proposal to resolve these issues. This exhibit then provides the settlement of the Parties on Issue 5 on the effects of the Tax Cuts and Jobs Act of 2017.

Hawaiian Electric and the Consumer Advocate request the Commission to approve this Stipulated Settlement of Remaining Issues in total for the purposes of determining any additional interim increases, final revenue increases, revenue requirements and rate design for this proceeding.

NOVEMBER 2017 STIPULATED SETTLEMENT

The Parties entered into and filed a Stipulated Settlement Agreement on November 15, 2017 (“November 2017 Stipulated Settlement” or “Stipulated Settlement”). The Interim Decision and Order filed December 15, 2017 (“Interim D&O”), among other things adjusted that Stipulated Settlement by (1) lowering the pension regulatory asset (and increasing the other post–employment benefits (“OPEB”) liability) (“Net Pension Regulatory Asset Adjustment”), which reduced the interim rate increase under the Stipulated Settlement by approximately \$6 million; (2) ordering a reduction of approximately \$5 million resulting from the elimination of \$17.2 million (of the \$19.4 million) of the pension contribution regulatory asset that accrued under the Commission-approved Pension Tracking Mechanism; and (3) ordering a “hold-back” of \$5 million relating to baseline plant additions from 2014 through the 2017 test year (“Baseline

¹ Hawaiian Electric does not waive, and expressly reserves, any right to appeal a decision and order on this Issue. This stipulation by Hawaiian Electric should not be construed in any way as agreement or support for any aspect of Blue Planet’s proposals relating to Issue 4. a. The Company maintains that those proposals should be rejected in their entirety.

Plant Hold Back”). The Interim D&O also stated that “[t]o the extent the commission does not single out a component of the Parties’ Settlement for further examination and/or adjustment, this should be construed as the commission’s acceptance of this non-identified component, as it is presented in the Parties’ Settlement and HECO Statement of Probable Entitlement; provided, however, that the adjustments required by the commission may necessitate corresponding adjustments to other components.”

In addition, Order No. 35219 stated, that taking into consideration the December 27, 2017 letters from the Company and the Consumer Advocate concerning the Stipulated Settlement, and the language from the Interim D&O concerning the status of Stipulated Settlement, “it appears that a majority of the Settlement Agreement remains intact, that HECO and the Consumer Advocate have chosen to remain parties to the Settlement Agreement, subject to certain conditions, and that the only remaining matters for further examination and resolution are the interim adjustments made by the commission and the Deferred Issues identified by the commission in Interim Decision and Order No. 35100.”

The Parties hereby affirm and agree that the November 2017 Stipulated Settlement remains intact and in force and effect, to the extent not inconsistent with or impacted by (1) the Interim D&OO, as modified by Order No. 35229, or (2) the terms of this Agreement.

AMENDED STATEMENT OF THE ISSUES

The Amended Statement of Issues (“Remaining Issues”) were most recently restated by the Commission in its Prehearing Conference Order filed February 26, 2018. In the interest of brevity, those Issues are incorporated by reference here.

REMAINING ISSUES 1-4

Issue 1.a

With respect to the contributions in excess of net periodic pension costs (“NPPC”), the Stipulated Settlement used the beginning of the test year rate base based on the Company’s actual December 31, 2016 regulatory asset balance of the contributions in excess of NPPC of \$19,411,000.² The year-end balance incorporated the amortization of the contribution in excess

² The Company’s supplemental testimony provided the background on the regulatory asset balance of the contributions in excess of NPPC. In 2011, Hawaiian Electric was required to contribute \$53,033,000 to the pension trust, which was the Company’s Employee Retirement Income Security Act of 1974 (“ERISA”) minimum funding requirement for the year. This amount was \$19,411,000 more than the NPPC of \$33,622,000 for the year. That was the only year since the tracking mechanism has been in place that the contribution amount into the pension trust exceeded the NPPC. HECO ST-17 at 2.

In the Company’s 2011 test year rate case, Docket No. 2010-0080, Hawaiian Electric estimated it would be required to contribute \$20,563,000 more than the NPPC amount into the pension trust. Under the pension tracking mechanism, contributions in excess of NPPC are recorded in a separate regulatory asset account and included in rate base. Hawaiian Electric included the estimated contributions in excess of NPPC amount in the 2011 year end rate

of NPPC balance as of December 15, 2017 (based on a five year amortization), for the fraction of the year from the assumed interim date of December 15, 2017 to December 31, 2017. The average of the beginning and calculated ending balance resulted in the test year average. The test year expense estimate included the annual amortization amount of \$3,882,000, representing the amortization of \$19,411,000 over the five years. HECO ST-17 at 4-5.

The Interim D&O made an adjustment to the Stipulated Settlement, which reduced the revenue requirements by approximately \$5 million, as a result of eliminating \$17.2 million (of the total \$19.4 million) of the pension contribution regulatory asset that accrued under the Commission-approved pension tracking mechanism, based on a finding that the Company should have begun amortizing the regulatory asset on July 22, 2011, the date of the interim increase for Hawaiian Electric's 2011 test year rate case. Under the Interim D&O, the average balance in rate base for the contributions in excess of NPPC was \$2,705,000. Hawaiian Electric's Revised Schedules Exhibit 1C at 4; Order No. 35280, Exhibit B at 1; HECO ST-17 at 5 and 10.

The Company presented a revised proposal for the contribution in excess of NPPC in its supplemental testimonies. The Company's revised proposed treatment of the contributions in excess of NPPC balance is to: (1) include the one-half of the contributions in excess of NPPC regulatory asset amount of \$9,705,000 in average rate base, (2) exclude amortization of this regulatory asset from the test year expenses, and (3) slightly modify the pension tracking mechanism to allow for utilization of the contributions in excess of NPPC prior to funding the NPPC amount, after funding the ERISA minimum required contribution. See HECO ST-17 at 3-12. The Company stated that the pension tracking mechanism will need to indicate that after the ERISA minimum required contribution is made, if there is a regulatory asset for contributions in excess of NPPC, the amount of the contributions in excess of NPPC will be reduced by the difference between the minimum required contributions and the NPPC for the year until the contribution in excess of NPPC is zero, before contributing the NPPC amount. HECO ST-17 at 12. The Company provided its proposed wording for the pension tracking mechanism in HECO-S-1702. In response to PUC-HECO-IR-27, the Company stated that it was willing to accept the Consumer Advocate's proposed revisions to the pension tracking

base estimate. Amortization of the contributions in excess of NPPC was not included in the 2011 test year revenue requirement, and the estimated balance at the end of 2011 of \$20,563,000 was included in determining average rate base. The assumption for the test year revenue requirement was to include amortization of the pension regulatory assets/liabilities based on the balance of the beginning of the year, which for this item was zero, since there was no excess contribution amount at the beginning of the year. HECO ST-17 at 2-3.

The July 5, 2011 stipulated settlement agreement entered into with the Consumer Advocate and Department of Defense for the Company's 2011 test year rate case, included the contribution in excess of NPPC regulatory asset in only the ending rate base balance for the test year, and amortization of the contribution in excess of NPPC was not included in the test year expenses to determine the 2011 test year revenue requirement. The Commission approved rates that incorporated the stipulated expenses and rate base in the Interim Decision and Order issued July 22, 2011 (for interim rates that became effective on July 26, 2011), and in the final Decision and Order No. 30505 issued on June 29, 2012 in Docket No. 2010-0080. Since the amortization of the contributions in excess of NPPC was not included in the 2011 test year revenue requirement, the amortization has not been reflected in electric rates and the contributions in excess of NPPC have not yet been recovered from customers. HECO ST-17 at 4.

mechanism (as shown in CA-S100) provided that the revision shown in the response is also made to the pension tracking mechanism.

The \$2,705,000 average rate base amount for contributions in excess of NPPC included in the Interim D&O should not be used. The \$2,705,000 average rate base amount is based on the premise that the regulatory asset should be amortized and that the amortization would be included in test year expenses. Under such a treatment, the Company would be collecting in rates, the amortization amount. Under Hawaiian Electric's revised proposal reflected in the revenue requirements submitted in supplemental testimony, amortization of the contributions in excess of NPPC is not included in the test year expense estimates. Since amortization of contributions in excess of NPPC is not included in the test year expenses, the Company contended that the balance of contributions in excess of NPPC should not be based on assuming the amount has been amortized, and the full amount should be included in rate base. The Company's position was that the full contributions greater than NPPC should be included in rate base, as it represents Company funds that have been used for the benefit of customers (it is an advance of NPPC that would need to be paid by customers as part of funding future NPPC.) HECO ST-17 at 11.

The Company's revised proposed treatment reduced the Stipulated Settlement revenue requirement associated with the contributions in excess of NPPC by approximately \$5 million from the stipulated settlement revenue requirements amount of \$5,693,000. Hawaiian Electric's revised proposed treatment derived a revenue requirement impact of the contributions in excess of NPPC in the amount of \$719,000. This revised amount is close to the revenue requirement impact of the contributions in excess of NPPC of \$696,000 under the Interim D&O. HECO ST-17 at 11-12; HECO-S-1701.

The Consumer Advocate did not oppose recovery and found Hawaiian Electric's reduced contribution option, with modifications to the pension tracking mechanism, to be an acceptable approach that also holds down utility rates. See CA-ST-1 at 8-15. Exhibit CA-S100 represents the Consumer Advocate's recommended revisions to the applicable portion of the pension tracking mechanism. The Consumer Advocate further modified its proposed changes to Exhibit CA-S100 in response to PUC-CA-IR-4 filed on February 26, 2018. The Company does not object to the Consumer Advocate's proposed changes in response to PUC-CA-IR-4.

The Consumer Advocate concurred with the Company's rebuttal testimony proposal to exclude the amortization of the excess pension contribution from test year expense. Consequently, the Consumer Advocate recommended that the \$452,000 amortization the Commission included in the Interim D&O and, by extension Order Nos. 35229 and 35281, should be reduced to zero. CA-ST-1 at 8.

With respect to the question of whether the Company should be allowed to recover the \$19,411,000, the Consumer Advocate stated that assuming that the Company should, the two recovery options are a prospective five-year amortization or reduced contributions to the pension fund below NPPC, as previously discussed. Both options would allow full recovery, although the reduced contribution allows recovery to occur much quicker (i.e., likely in 2018). The

Consumer Advocate is not opposing recovery and found the Company's reduced contribution option, with modifications to the pension tracking mechanism, to be an acceptable approach that also holds down utility rates. CA-ST-1 at 15.

With respect to the question of the amount that should be included in rate base for the excess pension contribution, the Consumer Advocate stated that if the Commission continues to find that the amortization should have commenced in July 2011, recognize that the amortization has never been included in rates, and allow the reduced contribution to the pension fund in 2018, it would not be unreasonable to conclude that \$2,705,000 is the appropriate amount to include in rate base.³ If, however, the Commission changes its findings in the Interim D&O related to the amortization of the excess pension contribution, it will be necessary to re-evaluate the appropriate balance that should be included in rate base for the excess contributions. CA-ST-1 at 15. Regarding the Company's revised proposed treatment of the contributions in excess of NPPC balance, the Consumer Advocate stated that should Hawaiian Electric prefer to compress the entire reduction in pension contribution into calendar year 2018, it recommended that only one-third of the \$19.411 million be included in rate base.⁴

In its response to PUC-HECO-IR-18, Hawaiian Electric stated that if the revised approach is approved early enough in the year (i.e., by June 30, 2018), based on the minimum required contribution, it appears that the \$19,411,000 could be fully utilized in 2018. In the interest of resolving this issue, the Company stated that it is willing to accept the Consumer Advocate's suggestion of including one-third or \$6,470,000 of the contributions in excess of NPPC regulatory asset in average rate base for the test year, if the Commission approves the proposed methodology to utilize the contributions in excess of NPPC before funding the NPPC amount.

Issue 1.b

The Company stated that the adjustment amount necessary to return to ratepayers the full effect of benefits related to the Net Pension Regulatory Asset Adjustment⁵ is \$25,395,000. This

³ The Consumer Advocate corrected "reasonable" to "unreasonable" in *Division of Consumer Advocacy's Errata to Simultaneous Testimonies and Exhibits regarding the Amended Statement of Issues Filed on February 14, 2018*, filed on February 27, 2018 in Docket No. 2016-0328 at 1.

⁴ CA-ST-1 at 12.

⁵ The Company explained the issue concerning the Net Pension Regulatory Asset Adjustment in its supplemental testimonies. The Interim D&O adjusted the November 2017 Stipulated Settlement by lowering the pension regulatory asset (and increasing the OPEB liability) ("Net Pension Regulatory Asset Adjustment"), which reduced the interim rate increase under the Stipulated Settlement by approximately \$6 million. The Interim D&O disallowed part of the net pension regulatory asset that had been accrued through April 30, 2015, which the Commission assumed would have been amortized from May 1, 2015 to December 15, 2017 if the Company had not forgone a 2014 test year rate case. As a result, the Interim D&O indicated the pension regulatory asset balance as of December 15, 2017 should be adjusted from \$114,785,000 to \$82,072,000 and the test year amortization amount should be adjusted from \$22,957,000 to \$16,414,000, which is the amortization of the \$82,072,000 over five years. The Interim D&O also indicated the OPEB regulatory liability balance as of December 15, 2017 should be adjusted from \$2,351,000 to \$5,163,000, and test year amortization amount should be adjusted from a credit of \$470,000 to a credit of \$1,033,000, representing the amortization of the \$5,163,000 over five years. HECO ST-17 at 12-13.

amount is calculated using the following steps. First, taking the difference between the pension regulatory asset/OPEB regulatory liability recorded on the Company's books as of December 15, 2017, and the calculated pension regulatory asset/OPEB regulatory liability included in the Interim D&O. This net pension regulatory asset adjustment amount totals \$35,525,000. See HECO ST-17 at 14; HECO-S-1703 at 1; HECO-SWP-1703 at 2.

Second, the Net Pension Regulatory Asset Adjustment amount is adjusted downward for the plant additions regulatory asset of \$10,130,000 the Commission found to be reasonable in the Interim D&O if the Commission made an adjustment to reflect the 2014 test year.⁶ This calculation results in \$25,395,000 as being the adjustment amount necessary to return to customers the full effect of benefits related to the pension and OPEB Tracker Adjustment. HECO ST-17 at 14-15; HECO-S-1703 at 1; HECO-SWP-1703 at 1.

The Consumer Advocate stated that it interpreted Issue 1(b) as seeking the quantification of the equivalent revenue requirement adjustment required in lieu of the \$6 million "hold-back" based on language in Order No. 35281. CA-ST-1 at 16-17. The Consumer Advocate quantified the net change in revenue requirement resulting from the Commission's guidance and findings in the amount of \$5.702 million which is very close to the Commission's \$6 million hold-back adjustment. CA-ST-1 at 19-20; Exhibit CA-S101. The Consumer Advocate stated that its quantification approach is intended to mitigate or eliminate possible confusion that may arise with the revenue requirement schedules filed by the Company that reflect the \$6 million hold-back as a single line item adjustment. If the \$6 million is reflected as a line item adjustment, the net effect could unintentionally enable the Company to claw back revenues for the \$6 million when reconciling whether actual revenues were more or less than the target revenues. Instead, if the revisions are reflected as expense or rate base adjustments, the end result will be reflected in the target revenues. CA-ST-1 at 21-22. As shown in Exhibits 2-2D, the Company has reflected this adjustment at an expense reduction of \$5,467,000 (which equates to a revenue requirement reduction of \$6 million)⁷ in the results of operations which will result in the inclusion of this reduction in target revenues.

Order No. 35229 modified the Interim D&O by reversing the Net Pension Regulatory Asset Adjustment, implemented a \$6 million downward adjustment to the Company's interim revenues, representing a "hold-back" to replace the customer benefits that were associated with the pension and OPEB regulatory asset reduction. HECO ST-17 at 14.

⁶ In the Interim D&O (pages 39 to 40), the Commission found as reasonable under the circumstances Hawaiian Electric's proposal that if the Commission decides to make any adjustment to reflect the 2014 test year NPPC and NPBC as of May 1, 2015, that the Commission place the cumulative impact of the adjustment to Hawaiian Electric's plant in service and accumulated depreciation into a regulatory asset (plant additions regulatory asset) to be amortized over thirty years. The plant additions regulatory asset net of accumulated depreciation amounts to \$10,130,000 as of December 31, 2017. See HECO ST-17 at 13; HECO-S-1703; HECO-SWP-1703.

⁷ An expense reduction of \$5,467,000 multiplied by the revenue tax gross up factor of 1.09751 is equal to \$6,000,000. See Exhibits 2-2D. The revenue tax gross up factor of 1.09751 is equal to $1 \div (1 - .08883)$, where .08883 is the composite revenue tax rate.

Issue 1.c

Order No. 35229 reversed the pension and OPEB tracker adjustment included in the Interim D&O, and restored the pension tracking regulatory asset account balance as of December 15, 2017 of \$114,785,000 and the OPEB tracking regulatory liability balance as of December 15, 2017 of \$2,351,000. As a result, Hawaiian Electric's test year pension tracking regulatory asset balance included in average rate base should be \$105,724,000, as shown in Stipulated Settlement Letter, Exhibit 1, pages 80 and 83, and also shown on HECO-S-1704. For the OPEB tracking liability balance, the average rate base should include a liability of \$2,574,000, as shown in Stipulated Letter, Exhibit 1, pages 81, and 83, and also shown on HECO-S-1704.

The Consumer Advocate stated that it interpreted Issue 1(c) as seeking confirmation of the pension and OPEB regulatory asset/liability and amortization amounts specified in the Interim D&O in the context of the reversal of the disallowance adjustments originally contemplated by the Commission. The Consumer Advocate stated that it confirmed the amounts set forth on page 38 of the Interim D&O. CA-ST-1 at 22.

Issue 1.d

The Company's proposal to return to customers the full effect of the benefits related to the Net Pension Regulatory Asset Reduction is as follows: (1) the total amount necessary to return to customers the full effect of the benefits related to the Net Pension Regulatory Asset Reduction will be \$25,395,000; (2) a \$5,467,000 Customer Benefit Adjustment per year will be reflected in the Company's Results of Operations as a single line item that reduces operation and maintenance expenses (this amount totals \$6 million when grossed up for revenue taxes) and will be reflected in base rates, (3) the Customer Benefit Adjustment will remain in place until rates approved in the Company's next rate case go into effect; (4) any balance remaining when rates for the Company's next rate case go into effect (2020 test year rate case) will be reflected as a Customer Benefit Adjustment in the Company's next rate case in the same fashion as in this rate case (i.e., a single line item adjustment that reduces operation and maintenance expense). The amount of the Customer Benefit Adjustment in the Company's next rate case will be determined by amortizing the remaining balance over three years. HECO ST-2 at 19-20.

The following is an illustration of the Company's proposal where the total amount to be returned to customers is \$25.395 million:

\$5.467 million (Customer Benefit Adjustment) x 3 years (period that 2017 test year rates are in effect⁸) = \$16.401 million.

\$25.395 million - \$16.401 million = \$8.994 million (remaining balance to be returned to customers).

\$8.994 million ÷ 3 years (period that rates in the Company's next rate case will be in effect) = \$2.998 million or \$3.290 million when grossed up for revenue taxes⁹ (amount

⁸ 2017 test year rates are in effect beginning February 16, 2018 with the implementation of the interim rate increase.

of the Customer Benefit Adjustment to be represented as a single line item adjustment that reduces operating and maintenance expenses in the Company's next rate case).

HECO ST-2 at 20-21.

The Company proposes to reflect the full effect of the benefits related to the pension and OPEB tracker adjustment through base rates, including through interim rates, where the revenue requirements that establish the basis for such rates reflect this benefit. The Company proposes to reflect a Customer Benefit Adjustment of \$5,467,000 per year in the Company's Results of Operations as a single line item that reduces operation and maintenance expenses (this amount totals \$6,000,000 when grossed up for revenue taxes).¹⁰ This reduction in revenue requirements will be allocated across all rate schedules, thus conveying the Customer Benefit Adjustment to all customers in total through the proposed rate design. HECO ST-30 at 14.

The Company stated that conveying the Customer Benefit Adjustment as a reduction in operations and maintenance expense that reduces the revenue requirement in total across all rate schedules, to be reflected in interim or final rates, is a balanced approach. The Customer Benefit Adjustment attributed to each rate schedule can be reflected in a lower cost of service and therefore as a lower effective rate to the customers served under each rate schedule. If the Customer Benefit Adjustment were returned to customers through a per kWh adjustment, customers who use little or no kWh would clearly be unable to realize the benefit. HECO ST-30 at 15.

The Company's proposal balances giving customers the full effect of benefits related to the Net Pension Regulatory Asset Reduction and moderating the impact to the Company of absorbing such an adjustment. This balancing is accomplished by using a \$6 million "Customer Benefit Adjustment" for the period that the rates from this 2017 test year rate case are in effect and reflecting the remaining balance in rates for the Company's next rate case instead of having the entire amount amortized over the shorter period when rates from the 2017 test year rate case are in effect. HECO ST-2 at 21.

The Consumer Advocate stated that it independently verified the amounts set forth in the Interim D&O and have quantified the revenue requirement impact of those adjustments as a reduction of \$5.702 million. The Consumer Advocate also stated that it does not currently have a recommendation for a mechanism to return the pension/OPEB adjustment customers, and it looks forward to discussing any identified options with the Company and offering comments on those recommendations if the opportunity arises. CA-ST-1 at 23-24. In response to PUC-CA-IR-3, the Consumer Advocate further discussed the flowback method proposed by the Company, including an additional amount to consider rate base return implications. For

⁹ $\$2,998,000 \times 1.09751$ (revenue tax gross up factor) = \$3,290,000.

¹⁰ The same \$6,000,000 amount is shown as a reduction in revenue for the "Customer Benefit Adjustment" in Exhibit A, page 1, of Order No. 35280 issued February 9, 2018 in this proceeding, which approved an Interim Increase effective February 16, 2018 and included the effect of the Customer Benefit Adjustment.

settlement purposes, the Consumer Advocate has verified and accepts the calculation discussed by HECO ST-2 at 20-21.

Issue 1.e

In the Interim D&O, the Commission noted that the Baseline Plant Hold Back is intended to “roundly approximate the impact on revenue requirements that would result from a 5% reduction in the amount of net baseline plant additions allowed in rate base for the years 2014 through the 2017 test year.”¹¹ The Commission also stated that while the reduction in interim rate adjustment is not intended to limit the scope of examination or ultimate decision regarding the amount of allowed baseline plant additions, it also “does not presume that any reductions in allowed baseline plant additions will ultimately be made.”¹²

On January 5, 2018, the following Hawaiian Electric witnesses addressed this issue in their respective rebuttal testimonies: Joseph P. Viola (HECO RT-2), Michael DeCaprio (HECO RT-9), Colton Ching (HECO RT-10), Kerstan Wong (HECO RT-11), Kevin Saito (HECO RT-12), Jimmy Alberts (HECO RT-15), Trung Ha (HECO RT-16), Yannick Gagne (HECO RT-21), Malcolm Tajiri (HECO RT- 22), Gayle Ohashi (HECO RT-27) and Peter C. Young (HECO RT-30).

On February 14, 2018, the Commission allowed the Parties and Participants to submit simultaneous testimony on the Commission’s amended statement of issues which included amended issue 1.e. “whether any adjustments should be made regarding the prudence of components of HECO’s target revenue, including increases to plant.”¹³ Issue 1.e. was addressed through the simultaneous testimonies of Hawaiian Electric witnesses Joseph P. Viola (HECO ST-2), Michael DeCaprio (HECO ST-9), Colton Ching (HECO ST-10), Kerstan Wong (HECO ST-11), Kevin Saito (HECO ST-12), Jimmy Alberts (HECO ST-15), Trung Ha (HECO ST-16), Yannick Gagne (HECO ST-21), Malcolm Tajiri (HECO ST- 22), Gayle Ohashi (HECO ST-27) and Peter C. Young (HECO ST-30), Consumer Advocate witness Steven Carver (CA-ST-1) and through the responses to numerous information requests from the Commission, Consumer Advocate and Participants.

Through its testimonies, the Company maintains that it has provided information regarding its baseline plant additions, including an explanation of the level of information that should be sufficient to demonstrate that baseline plant additions should be included in rate base. The Company’s testimony also discussed the difficulty of having to justify each baseline project and program, on a project by project basis, for a test year or a period of years rather than utilizing the combination of descriptive and numerical information of individual projects and programs and the higher level information by project category which enables the Commission and Consumer Advocate to efficiently review the large number of capital projects that go into service in a given test year. The Company also described the numerous reports that it submits which enable the

¹¹ *Id.*

¹² *Id.* at 57.

¹³ Order No. 35291 at 22.

Commission and the Consumer Advocate to monitor in rate cases and on a continual basis the capital projects that the Companies are planning and putting into service, to filter through the large number of projects going into service in any given year and to identify whether there are any specific projects or specific categories of projects that might warrant closer examination for inclusion in rate base in a rate case.

The Company also discussed that given the current arrangement whereby the RAM Revenue Adjustment revenues are capped, there is not a financial incentive for the Company to install plant additions in excess of the recovery provided by the RAM Cap. This included discussion regarding the fact that in each of the years since the issuance of Order No. 32735, Hawaiian Electric has triggered the RAM Cap as a result of a number of factors including the Company's judgement that certain projects needed to be completed as part of its obligation to serve, even if it meant those projects would not be covered by RAM Cap revenues. Additionally, the establishment of the RAM Cap has changed the way the Company plans and manages capital spending for baseline projects. As discussed in the Company's testimonies, Hawaiian Electric employs a prioritization process and other measures to balance service obligations and cost containment concerns. The Company's testimonies provided extensive discussions regarding the specific investments that the Company makes to meet its service obligation to its customers including maintaining safe, reliable service and system resiliency, the interconnection and integration of grid-scale and distributed renewable energy systems needed to meet the Company's legal obligation to achieve the State of Hawai'i's renewable portfolio standard, and increasing customer options, among other things.

The Company also maintains that this Issue implicates the regulatory compact. The Company contends: It must invest in plant to maintain reliable, resilient and quality electrical service. To continue to do so, the Company must have a reasonable opportunity to achieve a fair return on those investments, as required by Hawai'i Revised Statutes, §269-16(b)(3). The Company's ability to recover prudent infrastructure investments is all-the-more important considering that the Commission has established service reliability performance incentive mechanisms ("PIMs") that would penalize the Company for not achieving service reliability standards.

In its direct testimonies filed on September 22, 2017, the Consumer Advocate did not recommend any disallowances of baseline plant investment. Similarly, the Stipulated Settlement filed by Hawaiian Electric and the Consumer Advocate did not include any reductions to baseline plant investment.

Through its simultaneous testimony, the Consumer Advocate stated that it shares the Commission's concern regarding cost escalation and cost containment, because higher costs translate directly into higher rate burdens upon customers. The Consumer Advocate recognizes that "some of these increases were driven by regulatory and environmental mandates while others can be tied to installations of new automated systems, the integration of renewable resources, the replacement and/or upgrading of plant facilities, general inflation and other

economic factors.”¹⁴ Ultimately, the Consumer Advocate views a detailed response to the shared concerns regarding utility cost trends to be the Company’s responsibility. The Consumer Advocate also notes that there is a limited opportunity for the Consumer Advocate to “rigorously critique or attempt to replicate utility studies that were relied upon by management in support of individual or programmatic expenditures, in the level of detail required to identify, develop and defend prudence issues and/or disallowances in the context of evaluating a forecast test year rate case”¹⁵ due to the fact that the Consumer Advocate’s time and resources must be directed to many other specific forecasting, regulatory policy, rate of return and other ratemaking issues.

The Consumer Advocate also states that it is expected that one of the justifications for the increasing levels of Company capital expenditures will be attributed to necessary infrastructure investment required to integrate more renewable energy, whether it is utility scale or distributed energy resources. According to the Consumer Advocate, given the State’s renewable energy goals, it is not surprising that capital investments will be required to realize those goals.¹⁶ The Consumer Advocate reiterates that the burden of proof remains with the utility to support any claim that significant investments are being made to facilitate the integration of more renewable energy as opposed to simply making “business as usual” investments.

Issue 2

With respect to the ROE issue, Exhibit 1 to the Stipulated Settlement provides:

In order to reach an overall settlement of all issues except for the ROE issue, to narrow the ROE issue, and to simplify the remaining procedural steps in this rate case, the Parties agree that (1) the fair rate of return on rate base shall be determined using the adjusted capital structure, and debt and preferred stock cost rates, included in the Company’s settlement proposal, and an ROE of 9.75%, (2) the Commission will determine whether the ROE should be reduced from 9.75% (by up to 25 basis points) based solely on the impact of decoupling, considering current circumstances and relevant precedents, (3) in deciding this narrowed ROE issue, the Commission shall consider the information and arguments contained in the opening and closing briefs submitted in the Hawai’i Electric Light 2016 test year rate case, Docket No. 2015-0170, and (4) subject to the forgoing, the parties waive the right to an evidentiary hearing on, and the Company shall not submit rebuttal testimony nor shall the parties file new briefs on the narrowed ROE issue. Further, to facilitate consideration of these briefs in the Hawaiian Electric 2017 test year rate case, the Parties agree that the documents in the evidentiary record in

¹⁴ Simultaneous Testimony of Steven Carver at 25.

¹⁵ *Id.* at 26.

¹⁶ *Id.* at 35.

Docket No. 2015-0170 that are referred to in such briefs shall be incorporated in the record in this Docket No. 2016-0328 for purposes of this issue.¹⁷

Order No. 35219 stated the following: “At this time, the commission clarifies that it does not intend to limit its examination of HECO’s ROE solely to the effects of decoupling, but may consider any relevant factors. Accordingly, the commission will assume that, unless stated otherwise, HECO’s ROE will be an issue included for consideration in HECO’s requested evidentiary hearing.”¹⁸

Accordingly, the Company presented supplemental testimony of Mr. Robert Hevert (HECO ST-28) and Ms. Tayne Sekimura (HECO ST-29) on the ROE issue. In addition, the Company filed testimony prepared by new, additional witnesses on the ROE issue. The Company submitted the supplemental testimony of Dr. Michael Vilbert to further support the Company’s position that the ROE should not be reduced for the impact of decoupling and to discuss the implications of the Tax Reform Act on regulated utilities. The Company also submitted the supplemental testimony of Mr. Adrien McKenzie (HECO ST-28B) to support the capital structure that the Parties agreed upon in the Stipulated Settlement. Hawaiian Electric continues to support the Parties’ agreement on the ROE issue in the Stipulated Settlement.

The Consumer Advocate filed the supplemental testimony of Mr. Stephen G. Hill on the ROE issue. Mr. Hill stated that the Consumer Advocate did not intend to withdraw from the Settlement Agreement. ROE testimony was submitted due to the Commission indicating that it intended to examine ROE and any relevant factors and not just the impact of decoupling. Mr. Hill stated that “[t]he Consumer Advocate continues to believe that the settlement reached with the Company is reasonable.” CA-ST-4 at 2, 5.

Issue 3

The Company has stated that beginning in 2014, the Company made two changes to its allocation of charges in the Energy Deliver (“ED”) and Power Supply (“PS”) clearing accounts. First, the Company separated the charges to the ED clearing account between vehicle costs and non-vehicle costs. Second, the Company changed the basis for the allocation of non-vehicle costs in ED clearing and PS clearing to capital projects, O&M expenses and other accounts, to the relative amount of total transmission and distribution spending (for ED clearing) and total production spending (for PS clearing) on the respective capital projects, O&M expense accounts

¹⁷ Stipulated Settlement, Exhibit 1 at 4. As part of the settlement, (1) the estimated average capital structure for 2017 proposed by the Company was adjusted by reducing the common equity percentage (and increasing the long-term debt percentage) so that the total equity (common equity plus preferred stock) percentage is reduced to the target equity percentage of 58.0%, and (2) the average cost of long-term debt was updated to reflect the benefits of the refinancings that took place in 2017, which reduced the average cost rate for long-term debt from 5.19% to 5.03%. On June 29, 2017, Hawaiian Electric issued \$62 million refunding revenue bonds at 3.10% (Series 2017A) and \$100 million refunding revenue bonds at 4.00% (Series 2017B) to redeem Refunding Series 2007B at 4.60% and Series 2007A at 4.65%, respectively.

¹⁸ Order No. 35219, footnote 21, page 9.

and other accounts. The allocation methodology for vehicle costs did not change. HECO ST-17 at 16-17.

Prior to 2014, the clearing charges were allocated as an overhead to capital projects, O&M expenses, and other work activities based on internal labor hours. However, with the change in the Company's business operations, there was a need to respond to the changes. The Company started to increase the use of outside contractors. There was a need for a consistent application of overheads to all work, regardless of whether the project was completed by internal labor or by contractors. HECO ST-17 at 17; HECO ST-10 at 16; HECO ST-11 at 38.

The revised methodology was based on a study completed by PA Consulting that found that of the 13 utilities surveyed, 11 of the utilities allocated energy delivery indirect process area costs to projects regardless of whether the work was performed by Company or contractor crews. Generally, the allocation of operations area indirect costs is based on total project costs. HECO ST-17 at 17-18.

In the Company's 2015 decoupling tariff transmittal filings, the Hawaiian Electric Companies¹⁹ discussed the change in allocation methodology for ED and PS clearing account costs based on the relative amount of ED and PS spending on capital projects, O&M expenses and other accounts. The Commission required the Companies to reduce their 2015 RAM revenue adjustment to reflect the O&M reduction impacts associated with the change in the allocation methodology. In calculating the 2016 RAM Cap, the reduction made to the 2015 RAM was incorporated into the 2015 target revenues that were escalated to compute the 2016 RAM Cap. The same reduction was included in determining the 2017 RAM Cap. The reduction made to the 2015 RAM for the change in allocation methodology was carried forward and incorporated into the 2016 RAM and 2017 RAM calculation. The table below shows the downward adjustments to the RAM revenue adjustments for these years.²⁰

<u>Year</u>	<u>Adjustment to RAM Revenue Adjustment</u>
2015	(\$9,090,000)
2016	(\$9,226,000)
2017	(\$9,410,000)
Total	(\$27,726,000)

The benefits of this change, for the lower O&M expenses as a result of the change in the ED and PS clearing account allocation methodology, have already been provided to customers since the Company's target revenues were reduced by \$27.7 million for the RAM calculation for 2015, 2016, and 2017. HECO ST-17 at 19.

¹⁹ Hawaiian Electric Companies (or "Companies") are Hawaiian Electric, Hawai'i Electric Light Company, Inc., and Maui Electric Company, Limited.

²⁰ See HECO-R-1705.

Hawaiian Electric's 2017 test year revenue requirement reflects the allocation of ED and PS clearing account charges based on the relative dollars of ED and PS spending in capital projects, O&M expense and other accounts, in a manner consistent with the allocation method change implemented in 2014. The benefit of the change in the methodology is reflected in the 2017 test year revenue requirements and will continue to be provided to customers. HECO ST-17 at 19.

The Consumer Advocate stated that they participated in the review of each RBA/RAM filing and reviewed the ED and PS allocation process in the recent Hawai'i Electric Light, Inc. and pending Hawaiian Electric rate cases. Based on that, the Consumer Advocate recommended that the Commission approve the accounting change. Since the Commission has recognized the expense reductions in the annual RAM filings, the Consumer Advocate did not recommend that any refunds or customer credits are necessary. CA-ST-1 at 38.

Issue 4

On December 16, 2016, Hawaiian Electric filed its Application and direct testimony in this proceeding. On September 22, 2017, the Consumer Advocate and for purposes of this discussion, Blue Planet Foundation ("Blue Planet") submitted testimony which in part addressed Issues 4.c. and 4.d. from the Commission's Statement of the Issues in Procedural Order No. 34721, issued July 28, 2017.²¹

Subsequent to the filing of direct testimonies, Hawaiian Electric and the Consumer Advocate reached agreement on proposed modifications to the ECAC as set forth in the *Parties' Stipulated Settlement Letter* filed on November 15, 2017 ("Stipulated Settlement"). The Stipulated Settlement covered the agreement reached on the following ECAC modifications and related matters:

- Target heat rates, adjustment of target heat rates and heat rate deadbands;
- Additional reporting by the Company to improve transparency related to the Company's economic dispatch process; and
- Modifications to provide for the separation and transfer of fuel and purchased energy costs from base rates into the Company's energy cost adjustment mechanism. (See Stipulated Settlement, Exhibit 1 at pages 7-11)

The Stipulated Settlement ECAC modifications and ECAC related matters agreed to by Hawaiian Electric and the Consumer Advocate, as well as Blue Planet's proposed ECAC modifications, are addressed in the rebuttal testimonies of several Hawaiian Electric witnesses, including Joseph P. Viola (HECO RT-2), Nicholas O. Paslay (HECO RT-6), Rodney S. Chong (HECO RT-7), Michael DeCaprio (HECO RT-9), Kevin Saito (HECO RT-12), Tayne S. Y. Sekimura (HECO RT-29), Peter C. Young (HECO RT-30), Kurt G. Strunk (HECO RT-30A),

²¹ Issue 4.c. Are the proposed revisions to the Energy Cost Adjustment Clause ("ECAC") tariff just and reasonable? Issue 4.d. What changes should be made to separate and remove all test year fuel and purchased energy expenses from base rates, with recovery of these costs to be accomplished through an appropriately modified energy cost adjustment mechanism?

and Brent E. Gale (HECO RT-31) filed on January 5, 2018. These ECAC related issues have also been addressed in the Company's responses to various information requests submitted by the Consumer Advocate and the Commission, Blue Planet's direct testimony and Blue Planet's responses to the Commission's information requests.

On January 11, 2018, the Commission issued Order No. 35219 – Amending Procedural Order No. 34721.²² On February 14, 2018, the Commission allowed the Parties and Participants to submit simultaneous testimony on the Commission's amended statement of issues. Testimony on the amended issue number 4 and its subparts were submitted by Company witnesses Joseph P. Viola (HECO ST-2), Nicholas O. Paslay (HECO ST-6), Michael DeCaprio (HECO ST-9), Kevin Saito (HECO ST-12), Tayne S. Y. Sekimura (HECO ST-29), Peter C. Young (HECO ST-30), and Kurt G. Strunk (HECO ST-30A), Consumer Advocate witness Joseph A. Herz and Blue Planet witness Ronald J. Binz. These amended ECAC related issues were also addressed in the Company's responses to various rebuttal information requests submitted by the Commission and Blue Planet.

Modifications Proposed by Blue Planet

The current ECAC structure provides that any fossil fuel price changes up or down, is passed through to Hawaiian Electric's ratepayers. The current ECAC structure is a performance based fossil fuel cost recovery mechanism that puts Hawaiian Electric at risk for managing and operating the Company-owned generation subject to a target heat rate to within a deadband range around the target heat rate. All of the Company's fossil fuel costs within the deadband around the target heat are fully passed through to ratepayer. All of the Company's fossil fuel costs above the deadband are borne entirely by Hawaiian Electric, and all of the benefits of the Company's fossil fuel costs below the deadband are retained by Hawaiian Electric. Hawaiian Electric's management and operating of Company-owned fossil fueled generating units to perform reliably and to efficiently incorporate renewable resources is generally considered within the Company's control. Thus, the current form of the ECAC represents a form of performance based ratemaking that encourages the efficient and reliable operation and maintenance of generating units.

The ECAC modifications agreed to by the parties in the Stipulated Settlement include an asymmetrical downward only annual target heat rate adjustment when the Company's actual heat rate is less than the then effective target heat rate, which is in the customers' interest in terms of ensuring that any savings are passed onto to customers in a timely fashion. In addition, the Stipulated Settlement ECAC modifications include triggers for redetermination of the target heat rate between rate cases, which was designed to allow recognition that the additional integration of renewables may cause the heat rate to increase (as thermal generating units are dispatched less

²² Amended issue 4. What, if any, modifications to the ECAC should be implemented, including, but not limited to: a. The modifications proposed by Blue Planet; b. The revisions to the ECAC tariff language proposed in HECO's Statement of Probable Entitlement; and c. Modifications to implement the separation and transfer of fuel and purchased energy costs from base rates into an appropriate energy cost adjustment mechanism." (Order No. 35219 at 10).

efficiently) and that allowing the heat rate to be reset between rate proceedings will remove a possible disincentive to increasing integration of intermittent renewable energy generation. The annual adjustment mechanism and the provision for redetermination of target heat rates ECAC modifications agreed to by Hawaiian Electric and the Consumer Advocate should reduce future over-recoveries.

Through its supplemental testimony, Blue Planet proposed a sharing mechanism that passes through to ratepayers most, but not all (95%) of price increases and decreases of fossil fuel consumed at Company-owned generating stations and purchased energy expenses from fossil fueled generation, compared to a base level, subject to an annual maximum amount of \$20 million. The biggest difference between Blue Planet's proposed ECAC modifications, and the current ECAC structure is Blue Planet's sharing mechanism would shift a portion of the risk of fossil fuel price fluctuations to Hawaiian Electric, where Hawaiian Electric would bear the penalty of 5% of any fossil fuel price increases and have the benefit of retaining 5% of any fossil fuel price decreases. Hawaiian Electric is generally not considered to have management control over fossil fuel prices on the market which supplies the fossil fuels consumed on the island. Therefore, Blue Planet's proposed ECAC modifications would have Hawaiian Electric receive rewards or incur penalties as fuel prices decrease or increase even though the Company has little control over those fuel price fluctuations.

Blue Planet's proposed ECAC modifications are likely to have a significant impact on Hawaiian Electric's recovery of fuel and purchased energy costs. Blue Planet estimates that back casting its proposed ECAC sharing mechanism, with an annual cap of +/- \$20 million, for the 10 years 2007-2016, Hawaiian Electric would have under-recovered \$20 million. (See Binz Supplemental Testimony, Attachment 3). To the extent that Blue Planet's proposal is considered it could result in the Company having to seek increases in its authorized return on equity, which might result in an overall increase in customer bills. Further, it is anticipated that if the ECAC were designed to systematically reduce the Company's ability to recover (or return) price variances, this might lead to increased pressures to file rate applications more frequently than scheduled. As discussed above, the Stipulated Settlement includes an asymmetrical annual target heat rate adjustment designed to minimize future ECAC over-recoveries.

Hawaiian Electric and the Consumer Advocate recommend that the Commission not adopt or implement Blue Planet's proposed ECAC sharing mechanism. Blue Planet's proposed ECAC modifications would have Hawaiian Electric receive rewards or incur penalties as fossil fuel prices decrease or increase when the Company has little or no control over those fossil fuel prices. Blue Planet's proposed ECAC modifications do not focus on the performance that is within the Company's management control. Accordingly, the parties to this Stipulated Agreement do not recommend that the Commission adopt Blue Planet's proposed sharing ECAC modifications.

However, the parties do support the objective of providing an incentive for Hawaiian Electric to continually reduce its fossil fuel costs. As noted above, the Stipulated Settlement provides for an annual asymmetrical downward only adjustment which should provide an incentive for the Company to reduce fuel expenses by improving performance of Company owned fossil fuel

generating stations that are subject to target heat rates. Given the State's renewable energy portfolio standards ("RPS"), the RPS requirement will force the Company to reduce its reliance on fossil fuels more effectively than a proposal to modify the ECAC to pass through only 95% of fuel price changes.

Revisions Proposed in Hawaiian Electric's Statement of Probable Entitlement

The parties support the Company's proposed revisions to the current ECAC tariff (referred to as the proposed Energy Cost Recovery Clause, or "ECRC"). In summary, the amount of the base fuel energy charge is removed from each rate schedule's energy charge, and that base fuel will be recovered entirely through the ECRC. Whereas the ECAC recovers the differences in the amount of fuel and purchased energy used compared to estimated values included in base rates, the ECRC will recover those fuel and purchased energy costs in their entirety with no fuel and purchased energy costs reflected in base rates. The ECAC modifications agreed to by Hawaiian Electric and the Consumer Advocate are incorporated in the proposed ECRC, are consistent with the Stipulated Settlement and should be implemented by the Commission.

Modifications to Implement the Separation and Transfer of Fuel and Purchased Energy Costs from Base Rates into an Appropriate Energy Cost Adjustment Mechanism.

The Company's response to CA-IR-601 illustrates the Company's proposed removal of the recovery of fuel and purchased energy costs from base rates into the proposed ECRC to implement the separation and transfer of fuel and purchased energy costs. The proposed ECRC tariff markup is based on Hawaiian Electric's rebuttal ECAC tariff, as filed in HECO-R-3019 on January 5, 2018, which the Company represents provides for the energy-expense separation within the framework established by the Commission in PUC-HELCO-IR-103 in Hawaii Electric Light's 2016 test year rate case, Docket No. 2015-0170.

Hawaiian Electric and the Consumer Advocate agree that the energy-expense separation shall be implemented in a manner such as to not have an impact: 1) on revenue allocation and cost-of-service established for the rate classes; and, 2) on effective rates per billed kW and per billed kWh and on individual customer bills. The parties have also provided in this proceeding illustrative billings showing there is no impact on customer bills as a result of the separation and transfer of fuel and purchased energy costs from base rates into the ECRC using the Company's proposed rate schedule modifications.

Hawaiian Electric's anticipated process and schedule to implement the proposed ECRC and rate schedule modifications for the transfer and separation of fuel and purchased energy costs are discussed in detail in the Company's testimony. In summary, the Company states that at this time it is not aware of any "show-stopper" issues to implementation, provided that sufficient time and resources are available to implement, and the Commission substantially finds that the form of these changes is appropriate.

The parties believe that the agreed upon modifications to the ECAC will provide incentive to control fuel and purchased power costs (as it relates to matters over which the Company has

control). Performance incentives related to fuel prices, over which Hawaiian Electric does not have control, will likely not result in the desired objectives. Instead, the implementation of additional performance incentives to better align the Company's management with the State's clean energy goals should be done in a more holistic and thorough manner.

The parties to this Stipulated Agreement continue to support the agreement and positions set forth in their Stipulated Settlement Letter submitted on November 15, 2017 and respectfully submit that the Commission can decide these issues based on the extensive evidentiary record on these issues in the proceeding without a hearing.

Agreements with Respect to Remaining Issues 1-4

For the purpose of reaching a global settlement of Remaining Issues 1-4 (excluding sub-issue 4.a), the Parties agree to the following:

1. With respect to Amended Issue 1.a, the Parties agree to the following treatment of the contributions in excess of NPPC balance: (1) include one-third or \$6,470,000 of the contributions in excess of NPPC regulatory asset in average rate base for the test year, (2) exclude amortization of this regulatory asset from the test year expenses, and (3) slightly modify the pension tracking mechanism to allow for utilization of the contributions in excess of NPPC prior to funding the NPPC amount, after funding the ERISA minimum required contribution.
2. With respect to Amended Issue 1.b, the Parties agree that the adjustment amount necessary to return to ratepayers the full effect of benefits related to the Net Pension Regulatory Asset Adjustment is \$25,395,000.
3. With respect to Amended Issue 1.c, the Parties agree that the Company's pension and OPEB tracking balances shall be used.
4. With respect to Amended Issue 1.d, the Parties agree that the Company's proposal as specified in its supplemental testimonies will be used to return to customers the full effect of the benefits related to the Net Pension Regulatory Asset Reduction. Accordingly, a \$5,467,000 Customer Benefit Adjustment per year will be reflected in the Company's Results of Operations as a single line item that reduces operation and maintenance expenses (this amount totals \$6 million when grossed up for revenue taxes) and will be reflected in base rates, (3) the Customer Benefit Adjustment will remain in place until rates approved in the Company's next rate case go into effect; (4) any balance remaining when rates for the Company's next rate case go into effect (2020 test year rate case) will be reflected as a Customer Benefit Adjustment in the Company's next rate case in the same fashion as in this rate case (i.e., a single line item adjustment that reduces operation and maintenance expense). The amount of the Customer Benefit Adjustment in the Company's next rate case will be determined by amortizing the remaining balance over three years as described by HECO ST-2 at 20-21.²³

²³ \$25,395,000 less the amounts provided through this rate case.

5. With respect to Amended Issue 1.e, the Parties agree that the “hold-back” of \$5 million relating to baseline plant additions from 2014 through the 2017 test year ordered in the Interim D&O should be removed in any subsequent orders granting rate relief in this docket, including any additional interim orders and Final Decision and Order in this case, to be addressed in the manner described at provision number 9 below.
6. With respect to Amended Issue 2, the Parties reiterate the agreements reached in the Stipulated Settlement concerning ROE. The only adjustment to those agreements, is that the Parties now stipulate to an ROE of 9.50% for purposes of determining the fair rate of return on rate base, assuming that the agreements included in the Stipulated Settlement concerning the Company’s adjusted capital structure, and debt and preferred stock rates remain intact.
7. With respect to Amended Issue 3, the Parties agree that (1) the Company’s On-Cost Accounting Policy changes should be approved on a prospective basis, and (2) no refunds or credits are required.
8. With respect to Amended Issue 4.a, the Parties believe that the Commission can decide this sub-issue based on the pre-filed testimonies, exhibits, workpapers, and responses to IRs and RIRs admitted into evidence in this docket.²⁴ With respect to Amended Issue 4.b and c, the Parties agreements on these subjects set forth in the Stipulated Settlement remain intact.
9. Additionally, for the purpose of settling Amended Issues 1-4 (excluding Amended Issue 4.a), the Company agrees to a new \$5 million (grossed up for revenue taxes) Customer Benefit Adjustment #2 per year that will be reflected in the Company’s Results of Operations as a single line item that reduces operation and maintenance expenses and will be reflected in final base rates in this case. The Consumer Advocate agrees with this additional Customer Benefit Adjustment to resolve Amended Issues 1-4.
10. Subject to approval of this Agreement, the Parties waive their rights to an evidentiary hearing on all Remaining Issues.

Issue 5

Background

In compliance with Order No. 35220, Hawaiian Electric Company, Inc submitted a filing on January 31, 2018, containing its preliminary estimate of the income tax expense, rate base and revenue requirement impacts arising from the Tax Cuts and Jobs Act (“Tax Reform Act” or “Tax Act”) that was signed into law on December 22, 2017.²⁵ The Company noted in its January 31

²⁴ Prehearing Conference Order filed February 26, 2018 stated that “[t]he pre-filed testimonies, exhibits, workpapers, and responses to IRs and RIRs, including any responses to RIRs due by March 5, 2018, are deemed admitted into evidence.”

²⁵ Public Law 115-97 commonly known as the “Tax Cuts and Jobs Act.”

filing that “at this early stage, there is little guidance and interpretation of the Act upon which corporate taxpayers can rely” and, “...while some impacts of the Act are relatively straight-forward, others will take more time to fully consider.” The Company’s January filing contained its “best current estimates of the impacts” of the new Tax Act upon utility revenue requirements and contained Tax Act impact information for Hawaiian Electric Company as well as Hawaii Electric Light and Maui Electric Company.

In Order No. 35219, amending prior Procedural Order No. 34721, the Commission identified an Amended Statement of Issues that included, “5. What, if any, adjustments are necessary as a result for the recently-signed federal tax reform legislation (commonly known as the ‘Tax Cuts and Jobs Act’)?” Order No. 35219 required the submission of Simultaneous Testimonies, Exhibits and Workpapers regarding the Amended Statement of Issues by February 14, 2018. In preparation for the submission of additional evidence on Tax Act impacts, the Consumer Advocate and Hawaiian Electric convened telephonic interviews to examine and discuss the contents of the Company’s January 31 filing, the issues raised by the Tax Act and to review the supporting workpapers for the Company’s January 31 filing. Supplemental Testimony was submitted on February 14 by several Hawaiian Electric witnesses addressing Tax Act issues²⁶ and by Consumer Advocate witness Brosch (CA-ST-2).

Several ratemaking adjustments are, in fact, necessary as a result of the Tax Act. These include:

- Recognition of the reduced business tax rate of 21 percent, in place of the 35 percent Federal income tax rate previously in effect.
- Recognition of the termination of the Domestic Production Activities Deduction (“DPAD”) that has historically served to reduce income tax expense.
- Regulatory treatment of Accumulated Deferred Income Taxes (“ADIT”) that were recorded on the Company’s books and collected from ratepayers at higher historical tax rates.
- Recognition of the termination of bonus tax depreciation, as of September 27, 2017, that was assumed to continue throughout the test year in estimation of ADIT amounts included in rate base, and
- Accounting for the benefits of the reduced tax rate effective January 1, 2018, for the period of time prior to adjustment of Interim rates to reflect such savings.

Each of these issues was discussed in the Company’s January 31 filing and again in the testimony of Hawaiian Electric’s and the Consumer Advocate’s witnesses submitted on February 14.

Hawaiian Electric and the Consumer Advocate both testified in support of rate case recognition of the reduced business income tax rate, offset by the loss of the DPAD tax savings.²⁷ However, out of concern regarding unclear language in the Tax Act and concerns regarding transitions rules governing bonus depreciation and challenges in achieving precise quantification of excess

²⁶ See HECO ST-2, HECO ST-26, HECO ST-28A, HECO ST-29, HECO ST-30, and HECO ST-31.

²⁷ HECO ST-2 at 40; HECO ST-26 at 4-5 and 15; CA-ST-2 at 3-4, 7-8, and 35

ADIT amounts would be quantified and returned in rates, the Company recommended tracking all Tax Act impacts back to the effective date of the Interim rate increase to be reflected in rates on a deferred basis at a later date.²⁸

The Consumer Advocate, through the testimony of witness Brosch, proposed more immediate quantification and implementation of Tax Act benefits for ratepayers. He recommended the full value of the reduced tax rate, offset by the loss of DPAD and reduced value of the preferred dividends received deduction, be recognized within the Company's revenue requirement after all other disputed issues have been resolved by the Commission.²⁹ Mr. Brosch also recommended that interim rates be reduced to account for the amortization of estimated excess ADIT amounts and also be reduced to account for the accumulated value of tax rate savings that will accumulate from January 1, 2018 through the effective date of new interim rates. Calculations supportive of these recommendations were summarized in Revised CA--S--202.³⁰ The Consumer Advocate did not support the Company's proposed inclusion of projected increases in future rate base, due to the prospective loss of bonus depreciation or expanded taxation of Contributions in Aid of Construction ("CIAC").³¹

For purposes of settlement and the expedited recognition of Tax Act benefits for ratepayers in Docket No. 2016-0328, the Parties agree to the following:

1. Interim rates should be adjusted as soon as administratively practical, to reflect the reduced 21 percent Federal tax rate, based upon taxable income under proposed rates upon resolution of the Amended Issues in this proceeding. This calculation shall reflect the loss of the DPAD deduction and the reduced value of the preferred stock dividend deduction.
2. Interim rates shall also reflect the revenue requirement reduction impact of amortizing over a 15-year period the Company's Plant-related excess ADIT balances at December 31, 2017, that are not subject to Average Rate Assumption Method ("ARAM") normalization accounting restrictions.³² For those excess ADIT balances that are subject to ARAM normalization, ratemaking and financial accounting amortization will be delayed until more accurate quantification of such amounts can be determined in future rate cases.³³
3. Interim rates shall also reflect the revenue requirement reduction impact of amortizing over a 5-year period the Company's other excess ADIT balances at December 31, 2017, that are not Plant-related and therefore not subject to Average Rate Assumption Method ("ARAM") normalization accounting restrictions.³⁴

²⁸ HECO ST-26 at 15-16.

²⁹ CA-ST-2 at 35.

³⁰ Revised CA-S-202 at page 1 develops a daily value for the reduced tax rate, offset by lost DPAD and modified preferred stock dividend deductions. Page 2 calculates the estimated ongoing value of these effects and also includes amortization amounts for excess ADIT balances at lines 27-33.

³¹ CA-ST-2 at 29-30.

³² See Revised CA-S-202, page 2, at line 29.

³³ *Id.* line 28. See also HECO-ST-26 at 9-10.

³⁴ See Revised CA-S-202, page 2, at line 30.

4. Interim rates shall also reflect the revenue requirement reduction impact of amortizing over a 3-year period the accumulated "Daily Revenue Impact" of Tax Act net savings from January 1, 2018 to the effective date of such reduced Interim rates, using the \$63,036 per day value calculated by the Consumer Advocate (as corrected by *Division of Consumer Advocacy's Errata to Simultaneous Testimonies and Exhibits regarding the Amended Statement of Issues Filed on February 14, 2018*, filed on February 27, 2018) applied to the number of days between January 1 and the effective date of reduced Interim rates.³⁵
5. The Hawaiian Electric Companies will not record any amortization of excess ADIT regulatory liability balances until such amortization is affirmatively reflected within a Commission rate order. The amount of recorded amortization for financial accounting purposes in future periods will match the amounts recognized in PUC rate orders.
6. The Hawaiian Electric Companies will include all unamortized excess ADIT regulatory liability balances in rate base in future rate cases and RAM filings until such amounts are fully amortized, and incorporate the effects of the loss of bonus depreciation on ADIT in rate base in future rate cases and RAM filings. The unamortized excess ADIT regulatory liability balance will be an element of rate base subject to adjustment in the RAM filings.
7. The rate base of Hawaiian Electric Company will be increased to account for the reduction in ADIT balances within the 2017 test year arising from the estimated loss of bonus depreciation, commencing September 27, 2017.

The Parties agree that this treatment of Tax Act impacts fully and reasonably captures for the benefit of ratepayers the net benefit of tax law changes occurring within the test year, while mitigating the risk of inadvertent violations of ARAM normalization restrictions. Upon approval of these procedures, as quantified within Exhibit 2,^{36,37} the Parties agree that these revenue requirements incorporating the Tax Act impacts will be the base for the annual decoupling filings and no further Exogenous Tax Change accounting for the Tax Act impacts will be required for Hawaiian Electric Company within its 2018 RBA rate change decoupling transmittal.

The Parties also agree that these methods should be applied to Hawaii Electric Light Company to determine appropriate revisions to currently effective Interim rates for , and these revenue requirements incorporating the Tax Act impacts will be the base for the annual decoupling filings and further as soon as administratively practical after Commission approval of the terms stipulated herein.

Maui Electric Company does not have interim rates in place at this time. Therefore, the recognition of Tax Act impacts will be addressed within Maui Electric Company's pending rate

³⁵ *Id.* page 1 at line 28.

³⁶ The \$38.3 million reduction in revenue requirement set forth in Exhibit 2 does not include the cumulative value of Tax Act savings referenced in settlement provision number 4. The further reduction for such savings should be added to the \$38.3 million, based upon the expected number of elapsed days from January 1 to the effective date of reduced interim rates upon Commission approval of the terms stipulated herein.

³⁷ HECO T-25, Attachment 1 and HECO T-26, Attachments 1-2 are provided in support of Exhibits 2-2E.

case, Docket No. 2017-0150 and as Exogenous Tax Changes within decoupling RAM rate calculations submitted and reviewed for implementation on June 1, 2018.

GENERAL TERMS

Settlement of a number of issues required the Parties to compromise and agree to a result that differed from the positions stated in their testimonies and/or responses to information requests. Therefore, approval of only a portion of the settlements in this settlement agreement but not the others would disrupt the balance of compromises and would be inequitable and unfair to the Parties.

The agreements set forth in this document are for the purpose of simplifying and expediting this proceeding and represent a negotiated compromise of the matters agreed upon, and do not constitute an admission by any party with respect to any of the matters agreed upon herein. The Parties expressly reserve their right to take different positions regarding the matters agreed to herein in other proceedings. Furthermore, the Parties agree that nothing contained in this document shall be deemed or be interpreted to set any type of precedent, or be used as evidence of either Party's position in any other regulatory proceeding involving the Parties or any other party, except as necessary to enforce the agreements described in this document.

In agreeing to the above terms and conditions described above, Hawaiian Electric confirms that, if the Commission adopts and approves this Stipulated Settlement of Remaining Issues, its intent is not to use any adjustment clause, such as the decoupling mechanism, or a future rate case to recover or otherwise "claw back" any of the agreed to reductions. Thus, the Parties commit to ensuring that, as necessary and/or upon Commission request, adequate support is provided in future annual decoupling filings or in the next rate proceeding to demonstrate that no such "claw back" has occurred.

If the Commission intends to consider material adjustments to the Stipulated Settlement of Remaining Issues or issues a final decision and order that makes a material adjustment to the Agreement, then the Company and the Consumer Advocate reserve their rights to an evidentiary hearing with respect to such adjustment(s).

Hawaiian Electric Company, Inc.
Settlement on Amended Issues w/o and w/ Tax Act, w/ Rev at Curr Eff Rates
Results of Operations
2017
(\$ Thousands)

	Revenues at Curr Eff Rates ¹	Additional Amount	Revenue Requirements without Tax Act Impacts	Additional Amount	Revenue Requirements with Tax Act Impacts
Electric Sales Revenue	1,532,472	37,686	1,570,158	(38,306)	1,531,852
Other Operating Revenue	2,905	17	2,922	-	2,922
Gain on Sale of Land	66		66	-	66
TOTAL OPERATING REVENUES	1,535,443	37,703	1,573,146	(38,306)	1,534,840
Fuel	327,609		327,609	-	327,609
Purchased Power	466,211		466,211	-	466,211
Production	79,306		79,306	-	79,306
Transmission	15,808		15,808	-	15,808
Distribution	46,825		46,825	-	46,825
Customer Accounts	20,354		20,354	-	20,354
Allowance for Uncoll. Accounts	732	0	732	-	732
Customer Service	15,651		15,651	-	15,651
Administration & General	119,758		119,758	-	119,758
Customer Benefit Adjustment	(5,467)		(5,467)	-	(5,467)
Customer Benefit Adjustment 2	(4,556)		(4,556)	-	(4,556)
Operation and Maintenance	1,082,231	0	1,082,231	-	1,082,231
Depreciation & Amortization	130,637		130,637	(7,121)	123,516
Amortization of State ITC	(5,633)		(5,633)	-	(5,633)
Taxes Other Than Income	145,623	3,350	148,973	(3,404)	145,569
Interest on Customer Deposits	723		723	-	723
Income Taxes	52,858	13,367	66,225	(28,686)	37,539
TOTAL OPERATING EXPENSES	1,406,439	16,717	1,423,156	(39,211)	1,383,945
OPERATING INCOME	129,004	20,986	149,990	905	150,895
AVERAGE RATE BASE	1,981,964	(562)	1,981,402	11,957	1,993,359
RATE OF RETURN ON AVERAGE RATE BASE	6.51%		7.57%		7.57%

¹ Revenues at current effective rates are the sum of: a) base revenues; b) revenues from the Energy Cost Adjustment Clause; c) revenues from the Purchased Power Adjustment Clause; d) revenues from the Rate Adjustment Mechanism Revenue Adjustment (based on the estimated RAM Cap for the 2017 RAM period); e) revenues from the Revenue Balancing Account Provision (that would flow into the RBA in the 2017 test year primarily due to the decline in electric sales since the 2011 test year); and f) other operating revenues.

Hawaiian Electric Company, Inc.
Settlement on Amended Issues w/o Tax Act, w/ Rev at Curr Eff Rates
Results of Operations
2017
(\$ Thousands)

	Revenues at Curr Eff Rates ¹	Additional Amount	Revenue Requirements to Produce 7.57% Return on Average Rate Base
Electric Sales Revenue	1,532,472	37,686	1,570,158
Other Operating Revenue	2,905	17	2,922
Gain on Sale of Land	66		66
TOTAL OPERATING REVENUES	1,535,443	37,703	1,573,146
Fuel	327,609		327,609
Purchased Power	466,211		466,211
Production	79,306		79,306
Transmission	15,808		15,808
Distribution	46,825		46,825
Customer Accounts	20,354		20,354
Allowance for Uncoll. Accounts	732	0	732
Customer Service	15,651		15,651
Administration & General	119,758		119,758
Customer Benefit Adjustment	(5,467)		(5,467)
Customer Benefit Adjustment 2	(4,556)		(4,556)
Operation and Maintenance	1,082,231	0	1,082,231
Depreciation & Amortization	130,637		130,637
Amortization of State ITC	(5,633)		(5,633)
Taxes Other Than Income	145,623	3,350	148,973
Interest on Customer Deposits	723		723
Income Taxes	52,858	13,367	66,225
TOTAL OPERATING EXPENSES	1,406,439	16,717	1,423,156
OPERATING INCOME	129,004	20,986	149,990
AVERAGE RATE BASE	1,981,964	(562)	1,981,402
RATE OF RETURN ON AVERAGE RATE BASE	6.51%		7.57%

¹ Revenues at current effective rates are the sum of: a) base revenues; b) revenues from the Energy Cost Adjustment Clause; c) revenues from the Purchased Power Adjustment Clause; d) revenues from the Rate Adjustment Mechanism Revenue Adjustment (based on the estimated RAM Cap for the 2017 RAM period); e) revenues from the Revenue Balancing Account Provision (that would flow into the RBA in the 2017 test year primarily due to the decline in electric sales since the 2011 test year); and f) other operating revenues.

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Curr Eff Rates
COMPOSITE EMBEDDED COST OF CAPITAL
Estimated 2017 Average

	A	B	C	D
	Capitalization			
	Amount in Thousands	Percent of Total	Earnings Reqmts	Weighted Earnings Reqmts (B) x (C)
Short-Term Debt	27,770	1.18	1.75%	0.02%
Long-Term Debt	928,748	39.59	5.03%	1.99%
Hybrid Securities	28,651	1.22	7.19%	0.09%
Preferred Stock	21,137	0.90	5.37%	0.05%
Common Equity	1,339,335	57.10	9.50%	5.42%
Total	2,345,641	100.00		
Estimated Composite Cost of Capital				7.57%

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Curr Eff Rates
2017 AVERAGE RATE BASE
(\$ Thousands)

	Beginning Balance	End of Year Balance	Average Balance
Investments in Assets			
Serving Customers			
Net Cost of Plant in Service	2,595,452	2,770,695	2,683,073
Property Held for Future Use	0	0	0
Fuel Inventory	46,200	46,200	46,200
Materials & Supplies Inventories	28,427	28,427	28,427
Unamort. Net ASC 740 Reg. Asset	70,144	74,887	72,516
Pension Tracking Reg Asset	97,620	113,828	105,724
PSIP Deferred Cost	0	0	0
EOTP Reg Asset	444	89	267
CIP CT-1 Reg Asset	2,306	1,352	1,829
Plant Additions Reg Asset	0	0	0
Deferred Sys Dev Costs	15,932	13,496	14,714
RO Water Pipeline Reg Asset	4,958	4,842	4,900
Contrib in Excess of NPPC	6,470	6,470	6,470
Total Investments in Assets	2,867,953	3,060,286	2,964,120
Funds From Non-Investors			
Unamortized CIAC	347,826	395,134	371,480
Customer Advances	3,581	3,925	3,753
Customer Deposits	12,101	12,005	12,053
Environmental Reserve	0	0	0
Accumulated Def. Income Taxes	520,643	560,196	540,419
Unamort State ITC (Gross)	56,323	54,903	55,613
Unamortized Gain on Sale	248	182	215
OPEB Reg Liability	2,817	2,331	2,574
Total Deductions	943,539	1,028,676	986,107
Difference			1,978,013
Working Cash at Curr Eff Rates			3,951
Rate Base at Curr Eff Rates			1,981,964
Change in Rate Base - Working Cash			(562)
Rate Base at Proposed Rates			1,981,402

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Curr Eff Rates

WORKING CASH ITEMS

2017

(\$ Thousands)

	A	B	C	D
	COLLECTION	PAYMENT	NET	
	LAG	LAG	COLLECTION	ANNUAL
	(DAYS)	(DAYS)	LAG	AMOUNT
			(DAYS)	
			(A - B)	
Fuel	36.4	17.3	19.1	327,609
Purchased Power	36.4	41.8	(5.4)	466,211
O&M Labor	36.4	10.9	25.5	128,508
O&M Nonlabor	36.4	27.8	8.6	161,160
Revenue Taxes	36.4	87.3	(50.9)	136,281
Inc Taxes-Curr Eff Rates	36.4	39.0	(2.6)	9,092
Inc Taxes-Proposed Rates	36.4	39.0	(2.6)	22,459
	E	F	G	H
	AVERAGE	WORKING	AVERAGE	WORKING
	DAILY	CASH	DAILY	CASH
	AMOUNT	(Curr Eff	AMOUNT	(PROPOSED
	(D/365)	RATES)	(PROPOSED)	RATES)
		(C X E)		(C X G)
Fuel	898	17,143	898	17,143
Purchased Power	1,277	(6,897)	1,277	(6,897)
O&M Labor	352	8,978	352	8,978
O&M Nonlabor	442	3,797	442	3,797
Revenue Taxes	373	(19,005)	383	(19,472)
Inc Taxes-Curr Eff Rates	25	(65)		
Inc Taxes-Proposed Rates	62	-	62	(160)
Total		3,951		3,389
Change in Working Cash				(562)

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Curr Eff Rates
COMPUTATION OF INCOME TAX EXPENSE
2017
(\$ Thousands)

	Curr Eff Rates	Adjustment	At Proposed Rates
Operating Revenues	1,535,443	37,703	1,573,146
Operating Expenses:			
Fuel Oil and Purchased Power	793,820		793,820
Other Operation & Maintenance Expense	288,410	0	288,410
Depreciation	130,637		130,637
Amortization of State ITC	(5,633)		(5,633)
Taxes Other than Income	145,623	3,350	148,973
Interest on Customer Deposits	723		723
Total Operating Expenses	1,353,580	3,350	1,356,930
Operating Income Before Income Taxes	181,863	34,353	216,216
Tax Adjustments:			
Interest Expense	(41,609)		(41,609)
Meals and Entertainment	174		174
	(41,435)	0	(41,435)
Taxable Income at Ordinary Rates	140,428	34,353	174,781
Income Tax Exp at Ordinary Rates	54,640	13,367	68,007
Tax Benefit of Domestic Production Activities Deduction	1,530		1,530
Tax Effect of Deductible Preferred Stock Dividends	23		23
R&D Credit	229		229
TOTAL INCOME TAX EXPENSE	52,858	13,367	66,225

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Curr Eff Rates
COMPUTATION OF TAXES OTHER THAN INCOME TAX

2017

(\$ Thousands)

	Rate	Curr Eff Rates	Adjustment	At Proposed Rates
Electric Sales Revenue		1,532,472	37,686	1,570,158
Other Operating Revenue		2,905	17	2,922
Operating Revenues		1,535,377	37,703	1,573,080
Public Service Tax	5.885%	90,314	2,219	92,533
PUC Fees	0.500%	7,673	189	7,862
Franchise Tax	2.500%	38,294	942	39,236
Payroll Tax		9,342		9,342
TOTAL TAXES OTHER THAN INCOME TAX		145,623	3,350	148,973

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Curr Eff Rates
CALCULATIONS OF REVENUE REQUIREMENTS
2017
(\$ Thousands)

OPERATING INCOME AT CURR EFF RATES:

Operating Revenues	1,535,443
Fuel and Purchased Power Expenses	793,820
Other O&M Expenses	288,410
Depreciation & Amortization Expense	130,637
Amortization of State ITC	(5,633)
Taxes Other than Income	145,623
Interest on Customer Deposits	723
Income Taxes	52,858
Total Operating Expenses	1,406,438

OPERATING INCOME AT Curr Eff RATES 129,005

CALCULATIONS OF REVENUE REQUIREMENTS:

OPERATING INCOME

Rate Base at Proposed Rates	1,981,402
Proposed Rate of Return on Rate Base	x 7.57%
Operating Income	149,992

Less: Operating Income at Curr Eff Rates 129,005

INCREASE IN OPERATING INCOME 20,987

OPERATING REVENUES:

Increase in Operating Income	20,987
Operating Income Divisor (divided by)	0.55663

INCREASE IN OPERATING REVENUES 37,703

Increase in Electric Sales Revenue	37,686
Other Operating Revenue Rate	x 0.044%
Increase in Other Operating Revenues	17

37,703

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Curr Eff Rates
CALCULATIONS OF REVENUE REQUIREMENTS

2017

(\$ Thousands)

BAD DEBT:		
Increase in Electric Revenues		37,686
Bad Debt Rate	x	0.0000
		<hr/>
INCREASE IN BAD DEBT EXPENSE		0
<hr/>		
REVENUE TAX:		
Increase in Operating Revenues		37,703
Less: Increase in Bad Debt Expense		0
		<hr/>
		37,703
PSC Tax & PUC Fees Rate	x	6.385%
		<hr/>
		2,408
		<hr/>
Increase in Electric Revenues		37,686
Less: Increase in Bad Debt Expense		0
		<hr/>
		37,686
Franchise Tax Rate	x	2.500%
		<hr/>
		942
		<hr/>
INCREASE IN REVENUE TAX		3,350
<hr/>		
INCOME TAX:		
Increase in Operating Revenues		37,703
Effective Income Tax Rate after considering revenue tax & bad debt	x	35.453%
		<hr/>
INCREASE IN INCOME TAX		13,367
		<hr/>
INCREASE IN OPERATING INCOME (check)		20,986
		<hr/>

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Curr Eff Rates
CALCULATIONS OF REVENUE REQUIREMENTS
2017
(\$ Thousands)

CHANGE IN RATE BASE:

	A	B	C	D
	EXPENSE	AVERAGE	NET	WORKING
	AMOUNT	DAILY	COLLECTION	CASH
		AMOUNT	LAG (DAYS)	REQMT
		(A/365)		(B) x (C)
Increase in Revenue Tax	3,350	9	(51)	(467)
Income Tax at Curr Eff Rate	9,092	25	(3)	65
Income Tax at Proposed Rate	22,459	62	(3)	(160)
CHANGE IN RATE BASE - WORKING CASH				(562)
Rate Base at Curr Eff Rates				1,981,964
PROPOSED RATE BASE				1,981,402
Operating Income at Curr Eff Rates				129,005
Increase in Operating Income				20,987
OPERATING INCOME AT PROPOSED RATES				149,992
PROPOSED RATE OF RETURN ON RATE BASE (check)				7.57%

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Curr Eff Rates
SUPPORT WORKSHEET
2017

OPERATING REVENUES:

Electric Sales Revenues	1,532,472
Other Operating Revenues	2,905
Gain on Sale of Land	66

TOTAL OPERATING REVENUES	<u>1,535,443</u>
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FUEL AND PURCHASE POWER EXPENSES:

Fuel Oil Expense	319,477
Fuel Related Non-labor Exp	5,637
Fuel Handling Labor Expense	2,494

Fuel Expense	<u>327,609</u>
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Purchased Power Expense	<u>466,211</u>
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TOTAL FUEL AND PURCHASE POWER EXPENSES	<u>793,820</u>
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OTHER OPERATION & MAINTENANCE EXPENSES:

Production	79,306
Transmission	15,808
Distribution	46,825
Customer Account	20,354
Allowance for Uncollectible Accounts	732
Customer Service	15,651
Administration & General	119,758
Customer Benefit Adjustment	(5,467)
Customer Benefit Adjustment 2	(4,556)

TOTAL OTHER OPERATION & MAINTENANCE EXPENSES	<u>288,410</u>
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Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Curr Eff Rates
SUPPORT WORKSHEET
2017

OTH O&M EXPENSES (LABOR/NONLABOR):

O&M Labor Expense		128,508
Nonlabor Expense		169,925
Payroll Taxes		9,342
Interest on Customer Deposits		723
Bad Debt Expense		(732)
Other Excluded Items		(18,098)
		<hr/>
O&M Non-Labor Expense		161,160

REVENUE TAX

Public Service Tax		
Electric Sales Revenues		1,532,472
Other Operating Revenues		2,905
Less: Bad Debt Expense		(732)
		<hr/>
Operating Revenues subject to PSC Tax		1,534,645
Public Service Tax Rate	x	5.885%
		<hr/>
Total PSC Tax		90,314

PUC Fees

Electric Sales Revenues		1,532,472
Other Operating Revenues		2,905
Less: Bad Debt Expense		(732)
		<hr/>
Operating Revenues subject to PSC Tax		1,534,645
PUC Tax Rate	x	0.500%
		<hr/>
Total PUC Tax		7,673

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Curr Eff Rates
SUPPORT WORKSHEET
2017

Franchise Tax		
Electric Sales Revenues		1,532,472
Less: Bad Debt Expense		(732)
		<hr/>
		1,531,740
Franchise Tax Rate	x	2.500%
Total Franchise Tax		<hr/>
		38,294
TOTAL REVENUE TAX		<hr/>
		136,281
INTEREST EXPENSE:		
Weighted Cost of Debt		
Short-Term Debt		0.020%
Long-Term Debt		1.990%
Hybrid Securities		0.090%
Total		<hr/>
		2.100%
Rate Base at Proposed Rates	x	<hr/>
		1,981,402
TOTAL INTEREST EXPENSE		<hr/>
		41,609
INCOME TAX EXPENSE SUMMARY		
Current		9,092
Deferred		39,553
State ITC		4,213
		<hr/>
TOTAL INCOME TAX EXPENSE		52,858
CALCULATIONS OF REVENUE TAX RATE:		
Franchise Tax Rate adjusted for Change in Oth Oper		
Revenues and Bad Debt		0.02499
PSC Tax Rate adjusted for Bad Debt		0.05885
PUC Tax Rate adjusted for Bad Debt		0.00500
		<hr/>
REVENUE TAX RATE		0.08884
CALCULATIONS OF COMPOSITE INCOME TAX RATE:		
State Tax Rate		0.06015
Federal Tax Rate		0.35000
State Tax Rate		0.06015
Federal Tax Rate	x	<hr/>
		0.35000
Federal Tax Effect on State Tax		<hr/>
		(0.02105)
COMPOSITE INCOME TAX RATE		<hr/>
		0.38910

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Curr Eff Rates
SUPPORT WORKSHEET
2017

CALCULATIONS OF COMPOSITE CAPITAL GAINS TAX RATE:

State Capital Gains Tax Rate		0.03759
Federal Tax Rate		0.35000
State Capital Gains Tax Rate		0.03759
Federal Tax Rate	x	0.35000
Federal Tax Effect on State Capital Gains Tax Rate		<u>(0.01316)</u>
COMPOSITE CAPITAL GAINS TAX RATE		<u>0.37444</u>

CALCULATIONS OF EFFECTIVE INCOME TAX RATE:

PSC Tax & PUC Fees Rates adjusted for Bad Debt		0.06385
Franchise Tax adjusted for Change in Oth Oper Rev and Bad Debt		0.02499
Bad Debt Rate adjusted for Change in Oth Oper Rev		<u>-</u>
Revenue Tax and Bad Debt rate		0.08884
Rev Tax & Bad Debt Reciprocal (1 - 0.08884)		0.91116
Composite Income Tax Rate	x	<u>0.38910</u>
EFFECTIVE INCOME TAX RATE AFTER CONSIDERING REVENUE TAX & BAD DEBT		<u>0.35453</u>

CALCULATIONS OF OPERATING INCOME DIVISOR:

PSC Tax & PUC Fees Rates		0.06385
Franchise Tax adjusted for Change in Oth Oper Rev		0.02499
Bad Debt Rate adjusted for Change in Oth Oper Rev		<u>-</u>
Effective Income Tax Rate after considering revenue tax & bad debt		<u>0.35453</u>
OPERATING INCOME DIVISOR (1 - 0.44337)		<u>0.44337</u>
		<u>0.55663</u>

Hawaiian Electric Company, Inc.
Settlement on Amended Issues w/o Tax Act, w/ Rev at Present Rates
Results of Operations
2017
(\$ Thousands)

	Revenues at Present Rates ¹	Additional Amount	Revenue Requirements to Produce 7.57% Return on Average Rate Base
Electric Sales Revenue	1,357,612	212,546	1,570,158
Other Operating Revenue	2,905	17	2,922
Gain on Sale of Land	66		66
TOTAL OPERATING REVENUES	1,360,583	212,563	1,573,146
Fuel	327,609		327,609
Purchased Power	466,211		466,211
Production	79,306		79,306
Transmission	15,808		15,808
Distribution	46,825		46,825
Customer Accounts	20,354		20,354
Allowance for Uncoll. Accounts	732	0	732
Customer Service	15,651		15,651
Administration & General	119,758		119,758
Customer Benefit Adjustment	(5,467)		(5,467)
Customer Benefit Adjustment 2	(4,556)		(4,556)
Operation and Maintenance	1,082,231	0	1,082,231
Depreciation & Amortization	130,637		130,637
Amortization of State ITC	(5,633)		(5,633)
Taxes Other Than Income	130,086	18,886	148,972
Interest on Customer Deposits	723		723
Income Taxes	(9,134)	75,359	66,225
TOTAL OPERATING EXPENSES	1,328,910	94,245	1,423,155
OPERATING INCOME	31,673	118,318	149,991
AVERAGE RATE BASE	1,984,573	(3,171)	1,981,402
RATE OF RETURN ON AVERAGE RATE BASE	1.60%		7.57%

¹ Revenues at present rates are revenues at current effective rates less RAM and RBA revenues for the 2017 test year.

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Present Rates
COMPOSITE EMBEDDED COST OF CAPITAL
Estimated 2017 Average

	A	B	C	D
	Capitalization			
	Amount in Thousands	Percent of Total	Earnings Reqmts	Weighted Earnings Reqmts (B) x (C)
Short-Term Debt	27,770	1.18	1.75%	0.02%
Long-Term Debt	928,748	39.59	5.03%	1.99%
Hybrid Securities	28,651	1.22	7.19%	0.09%
Preferred Stock	21,137	0.90	5.37%	0.05%
Common Equity	1,339,335	57.10	9.50%	5.42%
Total	2,345,641	100.00		
Estimated Composite Cost of Capital				7.57%

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Present Rates
2017 AVERAGE RATE BASE
(\$ Thousands)

	Beginning Balance	End of Year Balance	Average Balance
Investments in Assets Serving Customers			
Net Cost of Plant in Service	2,595,452	2,770,695	2,683,073
Property Held for Future Use	0	0	0
Fuel Inventory	46,200	46,200	46,200
Materials & Supplies Inventories	28,427	28,427	28,427
Unamort. Net ASC 740 Reg. Asset	70,144	74,887	72,516
Pension Tracking Reg Asset	97,620	113,828	105,724
PSIP Deferred Cost	0	0	0
EOTP Reg Asset	444	89	267
CIP CT-1 Reg Asset	2,306	1,352	1,829
Plant Additions Reg Asset	0	0	0
Deferred Sys Dev Costs	15,932	13,496	14,714
RO Water Pipeline Reg Asset	4,958	4,842	4,900
Contrib in Excess of NPPC	6,470	6,470	6,470
Total Investments in Assets	2,867,953	3,060,286	2,964,120
Funds From Non-Investors			
Unamortized CIAC	347,826	395,134	371,480
Customer Advances	3,581	3,925	3,753
Customer Deposits	12,101	12,005	12,053
Environmental Reserve	0	0	0
Accumulated Def. Income Taxes	520,643	560,196	540,419
Unamort State ITC (Gross)	56,323	54,903	55,613
Unamortized Gain on Sale	248	182	215
OPEB Reg Liability	2,817	2,331	2,574
Total Deductions	943,539	1,028,676	986,107
Difference			1,978,013
Working Cash at Present Rates			6,560
Rate Base at Present Rates			1,984,573
Change in Rate Base - Working Cash			(3,171)
Rate Base at Proposed Rates			1,981,402

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Present Rates

WORKING CASH ITEMS

2017

(\$ Thousands)

	A	B	C	D
	COLLECTION	PAYMENT	NET	
	LAG	LAG	COLLECTION	ANNUAL
	(DAYS)	(DAYS)	LAG	AMOUNT
			(DAYS)	
			(A - B)	
Fuel	36.4	17.3	19.1	327,609
Purchased Power	36.4	41.8	(5.4)	466,211
O&M Labor	36.4	10.9	25.5	128,508
O&M Nonlabor	36.4	27.8	8.6	161,160
Revenue Taxes	36.4	87.3	(50.9)	120,744
Inc Taxes-Present Rates	36.4	39.0	(2.6)	(52,900)
Inc Taxes-Proposed Rates	36.4	39.0	(2.6)	22,459
	E	F	G	H
	AVERAGE	WORKING	AVERAGE	WORKING
	DAILY	CASH	DAILY	CASH
	AMOUNT	(Present	AMOUNT	(PROPOSED
	(D/365)	RATES)	(PROPOSED)	RATES)
		(C X E)		(C X G)
Fuel	898	17,143	898	17,143
Purchased Power	1,277	(6,897)	1,277	(6,897)
O&M Labor	352	8,978	352	8,978
O&M Nonlabor	442	3,797	442	3,797
Revenue Taxes	331	(16,838)	383	(19,472)
Inc Taxes-Present Rates	(145)	377		
Inc Taxes-Proposed Rates	62	-	62	(160)
Total		6,560		3,389
Change in Working Cash				(3,171)

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Present Rates
COMPUTATION OF INCOME TAX EXPENSE

2017

(\$ Thousands)

	Present Rates	Adjustment	At Proposed Rates
Operating Revenues	1,360,583	212,563	1,573,146
Operating Expenses:			
Fuel Oil and Purchased Power	793,820		793,820
Other Operation & Maintenance Expense	288,410	0	288,410
Depreciation	130,637		130,637
Amortization of State ITC	(5,633)		(5,633)
Taxes Other than Income	130,086	18,886	148,972
Interest on Customer Deposits	723		723
Total Operating Expenses	1,338,043	18,886	1,356,929
Operating Income Before Income Taxes	22,540	193,677	216,217
Tax Adjustments:			
Interest Expense	(41,609)		(41,609)
Meals and Entertainment	174		174
	(41,435)	0	(41,435)
Taxable Income at Ordinary Rates	(18,895)	193,677	174,782
Income Tax Exp at Ordinary Rates	(7,352)	75,359	68,007
Tax Benefit of Domestic Production Activities Deduction	1,530		1,530
Tax Effect of Deductible Preferred Stock Dividends	23		23
R&D Credit	229		229
TOTAL INCOME TAX EXPENSE	(9,134)	75,359	66,225

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Present Rates
COMPUTATION OF TAXES OTHER THAN INCOME TAX

2017
(\$ Thousands)

	Rate	Present Rates	Adjustment	At Proposed Rates
Electric Sales Revenue		1,357,612	212,546	1,570,158
Other Operating Revenue		2,905	17	2,922
Operating Revenues		1,360,517	212,563	1,573,080
Public Service Tax	5.885%	80,023	12,509	92,532
PUC Fees	0.500%	6,799	1,063	7,862
Franchise Tax	2.500%	33,922	5,314	39,236
Payroll Tax		9,342		9,342
TOTAL TAXES OTHER THAN INCOME TAX		130,086	18,886	148,972

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Present Rates
CALCULATIONS OF REVENUE REQUIREMENTS
2017
(\$ Thousands)

OPERATING INCOME AT PRESENT RATES:

Operating Revenues	1,360,583
Fuel and Purchased Power Expenses	793,820
Other O&M Expenses	288,410
Depreciation & Amortization Expense	130,637
Amortization of State ITC	(5,633)
Taxes Other than Income	130,086
Interest on Customer Deposits	723
Income Taxes	(9,134)
Total Operating Expenses	1,328,909
OPERATING INCOME AT PRESENT RATES	31,674

CALCULATIONS OF REVENUE REQUIREMENTS:

OPERATING INCOME

Rate Base at Proposed Rates	1,981,402
Proposed Rate of Return on Rate Base	x 7.57%
Operating Income	149,992
Less: Operating Income at Present Rates	31,674
INCREASE IN OPERATING INCOME	118,318

OPERATING REVENUES:

Increase in Operating Income	118,318
Operating Income Divisor (divided by)	0.55662
INCREASE IN OPERATING REVENUES	212,563
Increase in Electric Sales Revenue	212,546
Other Operating Revenue Rate	x 0.008%
Increase in Other Operating Revenues	17
	212,563

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Present Rates

CALCULATIONS OF REVENUE REQUIREMENTS

2017

(\$ Thousands)

BAD DEBT:		
Increase in Electric Revenues		212,546
Bad Debt Rate	x	0.0000
		<hr/>
INCREASE IN BAD DEBT EXPENSE		0
		<hr/>
REVENUE TAX:		
Increase in Operating Revenues		212,563
Less: Increase in Bad Debt Expense		0
		<hr/>
		212,563
PSC Tax & PUC Fees Rate	x	6.385%
		<hr/>
		13,572
		<hr/>
Increase in Electric Revenues		212,546
Less: Increase in Bad Debt Expense		0
		<hr/>
		212,546
Franchise Tax Rate	x	2.500%
		<hr/>
		5,314
		<hr/>
INCREASE IN REVENUE TAX		18,886
		<hr/>
INCOME TAX:		
Increase in Operating Revenues		212,563
Effective Income Tax Rate after considering revenue tax & bad debt	x	35.453%
		<hr/>
INCREASE IN INCOME TAX		75,359
		<hr/>
INCREASE IN OPERATING INCOME (check)		118,318
		<hr/>

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Present Rates
CALCULATIONS OF REVENUE REQUIREMENTS
2017
(\$ Thousands)

CHANGE IN RATE BASE:

	A	B	C	D
	EXPENSE	AVERAGE	NET	WORKING
	AMOUNT	DAILY	COLLECTION	CASH
		AMOUNT	LAG (DAYS)	REQMT
		(A/365)		(B) x (C)
Increase in Revenue Tax	18,886	52	(51)	(2,634)
Income Tax at Present Rates	(52,900)	(145)	(3)	(377)
Income Tax at Proposed Rate	22,459	62	(3)	(160)
CHANGE IN RATE BASE - WORKING CASH				(3,171)
Rate Base at Present Rates				1,984,573
PROPOSED RATE BASE				1,981,402
Operating Income at Present Rates				31,674
Increase in Operating Income				118,318
OPERATING INCOME AT PROPOSED RATES				149,992
PROPOSED RATE OF RETURN ON RATE BASE (check)				7.57%

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Present Rates
SUPPORT WORKSHEET
2017

OPERATING REVENUES:

Electric Sales Revenues	1,357,612
Other Operating Revenues	2,905
Gain on Sale of Land	66
TOTAL OPERATING REVENUES	<u>1,360,583</u>

FUEL AND PURCHASE POWER EXPENSES:

Fuel Oil Expense	319,477
Fuel Related Non-labor Exp	5,637
Fuel Handling Labor Expense	2,494
Fuel Expense	<u>327,609</u>
Purchased Power Expense	466,211
TOTAL FUEL AND PURCHASE POWER EXPENSES	<u>793,820</u>

OTHER OPERATION & MAINTENANCE EXPENSES:

Production	79,306
Transmission	15,808
Distribution	46,825
Customer Account	20,354
Allowance for Uncollectible Accounts	732
Customer Service	15,651
Administration & General	119,758
Customer Benefit Adjustment	(5,467)
Customer Benefit Adjustment 2	(4,556)
TOTAL OTHER OPERATION & MAINTENANCE EXPENSES	<u>288,410</u>

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Present Rates
SUPPORT WORKSHEET
2017

OTH O&M EXPENSES (LABOR/NONLABOR):

O&M Labor Expense		128,508
Nonlabor Expense		169,925
Payroll Taxes		9,342
Interest on Customer Deposits		723
Bad Debt Expense		(732)
Other Excluded Items		(18,098)
		<hr/>
O&M Non-Labor Expense		161,160

REVENUE TAX

Public Service Tax		
Electric Sales Revenues		1,357,612
Other Operating Revenues		2,905
Less: Bad Debt Expense		(732)
		<hr/>
Operating Revenues subject to PSC Tax		1,359,785
Public Service Tax Rate	x	5.885%
		<hr/>
Total PSC Tax		80,023

PUC Fees

Electric Sales Revenues		1,357,612
Other Operating Revenues		2,905
Less: Bad Debt Expense		(732)
		<hr/>
Operating Revenues subject to PSC Tax		1,359,785
PUC Tax Rate	x	0.500%
		<hr/>
Total PUC Tax		6,799

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Present Rates
SUPPORT WORKSHEET
2017

Franchise Tax		
Electric Sales Revenues		1,357,612
Less: Bad Debt Expense		(732)
		<hr/>
		1,356,880
Franchise Tax Rate	x	2.500%
Total Franchise Tax		<hr/>
		33,922
TOTAL REVENUE TAX		<hr/>
		120,744
INTEREST EXPENSE:		
Weighted Cost of Debt		
Short-Term Debt		0.020%
Long-Term Debt		1.990%
Hybrid Securities		0.090%
Total		<hr/>
		2.100%
Rate Base at Proposed Rates	x	<hr/>
		1,981,402
TOTAL INTEREST EXPENSE		<hr/>
		41,609
INCOME TAX EXPENSE SUMMARY		
Current		(52,900)
Deferred		39,553
State ITC		4,213
		<hr/>
TOTAL INCOME TAX EXPENSE		(9,134)
CALCULATIONS OF REVENUE TAX RATE:		
Franchise Tax Rate adjusted for Change in Oth Oper		
Revenues and Bad Debt		0.02500
PSC Tax Rate adjusted for Bad Debt		0.05885
PUC Tax Rate adjusted for Bad Debt		0.00500
		<hr/>
REVENUE TAX RATE		0.08885
CALCULATIONS OF COMPOSITE INCOME TAX RATE:		
State Tax Rate		0.06015
Federal Tax Rate		0.35000
State Tax Rate		0.06015
Federal Tax Rate	x	<hr/>
		0.35000
Federal Tax Effect on State Tax		<hr/>
		(0.02105)
COMPOSITE INCOME TAX RATE		<hr/>
		0.38910

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/o Tax Act, w/ Rev at Present Rates
SUPPORT WORKSHEET
2017

CALCULATIONS OF COMPOSITE CAPITAL GAINS TAX RATE:

State Capital Gains Tax Rate		0.03759
Federal Tax Rate		0.35000
State Capital Gains Tax Rate		0.03759
Federal Tax Rate	x	0.35000
Federal Tax Effect on State Capital Gains Tax Rate		(0.01316)
COMPOSITE CAPITAL GAINS TAX RATE		<u>0.37444</u>

CALCULATIONS OF EFFECTIVE INCOME TAX RATE:

PSC Tax & PUC Fees Rates adjusted for Bad Debt		0.06385
Franchise Tax adjusted for Change in Oth Oper Rev and Bad Debt		0.02500
Bad Debt Rate adjusted for Change in Oth Oper Rev		-
Revenue Tax and Bad Debt rate		<u>0.08885</u>
Rev Tax & Bad Debt Reciprocal	(1 - 0.08885)	0.91115
Composite Income Tax Rate	x	<u>0.38910</u>
EFFECTIVE INCOME TAX RATE AFTER CONSIDERING REVENUE TAX & BAD DEBT		<u>0.35453</u>

CALCULATIONS OF OPERATING INCOME DIVISOR:

PSC Tax & PUC Fees Rates		0.06385
Franchise Tax adjusted for Change in Oth Oper Rev		0.02500
Bad Debt Rate adjusted for Change in Oth Oper Rev		-
Effective Income Tax Rate after considering revenue tax & bad debt		<u>0.35453</u>
OPERATING INCOME DIVISOR	(1 - 0.44338)	<u>0.55662</u>

Hawaiian Electric Company, Inc.
Settlement on Amended Issues w/ Tax Act, w/ Rev at Curr Eff Rates
Results of Operations

	2017 (\$ Thousands)		Revenue Requirements to Produce 7.57% Return on Average Rate Base
	Revenues at Curr Eff Rates ¹	Additional Amount	
Electric Sales Revenue	1,532,472	(620)	1,531,852
Other Operating Revenue	2,905	17	2,922
Gain on Sale of Land	66		66
TOTAL OPERATING REVENUES	1,535,443	(603)	1,534,840
Fuel	327,609		327,609
Purchased Power	466,211		466,211
Production	79,306		79,306
Transmission	15,808		15,808
Distribution	46,825		46,825
Customer Accounts	20,354		20,354
Allowance for Uncoll. Accounts	732	0	732
Customer Service	15,651		15,651
Administration & General	119,758		119,758
Customer Benefit Adjustment	(5,467)		(5,467)
Customer Benefit Adjustment 2	(4,556)		(4,556)
Operation and Maintenance	1,082,231	0	1,082,231
Depreciation & Amortization	123,516		123,516
Amortization of State ITC	(5,633)		(5,633)
Taxes Other Than Income	145,623	(54)	145,569
Interest on Customer Deposits	723		723
Income Taxes	37,680	(141)	37,539
TOTAL OPERATING EXPENSES	1,384,140	(195)	1,383,945
OPERATING INCOME	151,303	(408)	150,895
AVERAGE RATE BASE	1,993,351	8	1,993,359
RATE OF RETURN ON AVERAGE RATE BASE	7.59%		7.57%

¹ Revenues at current effective rates are the sum of: a) base revenues; b) revenues from the Energy Cost Adjustment Clause; c) revenues from the Purchased Power Adjustment Clause; d) revenues from the Rate Adjustment Mechanism Revenue Adjustment (based on the estimated RAM Cap for the 2017 RAM period); e) revenues from the Revenue Balancing Account Provision (that would flow into the RBA in the 2017 test year primarily due to the decline in electric sales since the 2011 test year); and f) other operating revenues.

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Curr Eff Rates
COMPOSITE EMBEDDED COST OF CAPITAL
Estimated 2017 Average

	A	B	C	D
	Capitalization			
	Amount in Thousands	Percent of Total	Earnings Reqmts	Weighted Earnings Reqmts (B) x (C)
Short-Term Debt	27,770	1.18	1.75%	0.02%
Long-Term Debt	928,748	39.59	5.03%	1.99%
Hybrid Securities	28,651	1.22	7.19%	0.09%
Preferred Stock	21,137	0.90	5.37%	0.05%
Common Equity	1,339,335	57.10	9.50%	5.42%
Total	2,345,641	100.00		
Estimated Composite Cost of Capital				7.57%

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Curr Eff Rates
2017 AVERAGE RATE BASE
(\$ Thousands)

	Beginning Balance	End of Year Balance	Average Balance
Investments in Assets Serving Customers			
Net Cost of Plant in Service	2,595,452	2,770,695	2,683,073
Property Held for Future Use	0	0	0
Fuel Inventory	46,200	46,200	46,200
Materials & Supplies Inventories	28,427	28,427	28,427
Unamort. Net ASC 740 Reg. Asset	70,144	-129,063	-29,460
Pension Tracking Reg Asset	97,620	113,828	105,724
PSIP Deferred Cost	0	0	0
EOTP Reg Asset	444	89	267
CIP CT-1 Reg Asset	2,306	1,352	1,829
Plant Additions Reg Asset	0	0	0
Deferred Sys Dev Costs	15,932	13,496	14,714
RO Water Pipeline Reg Asset	4,958	4,842	4,900
Contrib in Excess of NPPC	6,470	6,470	6,470
Total Investments in Assets	2,867,953	2,856,336	2,862,144
Funds From Non-Investors			
Unamortized CIAC	347,826	395,134	371,480
Customer Advances	3,581	3,925	3,753
Customer Deposits	12,101	12,005	12,053
Environmental Reserve	0	0	0
Accumulated Def. Income Taxes	520,643	537,310	528,976
Excess Accum Def. Income Taxes	0	-203,950	-101,975
Unamort State ITC (Gross)	56,323	54,903	55,613
Unamortized Gain on Sale	248	182	215
Pension Reg Liability	0	0	0
OPEB Reg Liability	2,817	2,331	2,574
Total Deductions	943,539	801,840	872,689
Difference			1,989,455
Working Cash at Curr Eff Rates			3,896
Rate Base at Curr Eff Rates			1,993,351
Change in Rate Base - Working Cash			8
Rate Base at Proposed Rates			1,993,359

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Curr Eff Rates
WORKING CASH ITEMS

2017
(\$ Thousands)

	A	B	C	D
	COLLECTION	PAYMENT	NET	
	LAG	LAG	COLLECTION	ANNUAL
	(DAYS)	(DAYS)	LAG	AMOUNT
			(DAYS)	
			(A - B)	
Fuel	36.4	17.3	19.1	327,609
Purchased Power	36.4	41.8	(5.4)	466,211
O&M Labor	36.4	10.9	25.5	128,508
O&M Nonlabor	36.4	27.8	8.6	161,160
Revenue Taxes	36.4	87.3	(50.9)	136,281
Inc Taxes-Curr Eff Rates	36.4	39.0	(2.6)	16,800
Inc Taxes-Proposed Rates	36.4	39.0	(2.6)	16,659
	E	F	G	H
	AVERAGE	WORKING	AVERAGE	WORKING
	DAILY	CASH	DAILY	CASH
	AMOUNT	(Curr Eff	AMOUNT	(PROPOSED
	(D/365)	RATES)	(PROPOSED)	RATES)
		(C X E)		(C X G)
Fuel	898	17,143	898	17,143
Purchased Power	1,277	(6,897)	1,277	(6,897)
O&M Labor	352	8,978	352	8,978
O&M Nonlabor	442	3,797	442	3,797
Revenue Taxes	373	(19,005)	373	(18,997)
Inc Taxes-Curr Eff Rates	46	(120)		
Inc Taxes-Proposed Rates	46	-	46	(119)
Total		3,896		3,905
Change in Working Cash				9

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Curr Eff Rates
COMPUTATION OF INCOME TAX EXPENSE
2017
(\$ Thousands)

	Curr Eff Rates	Adjustment	At Proposed Rates
Operating Revenues	1,535,443	(603)	1,534,840
Operating Expenses:			
Fuel Oil and Purchased Power	793,820		793,820
Other Operation & Maintenance Expense	288,410	0	288,410
Depreciation	123,516		123,516
Amortization of State ITC	(5,633)		(5,633)
Taxes Other than Income	145,623	(54)	145,569
Interest on Customer Deposits	723		723
Total Operating Expenses	1,346,459	(54)	1,346,405
Operating Income Before Income Taxes	188,984	(549)	188,435
Tax Adjustments:			
Interest Expense	(41,861)		(41,861)
Meals and Entertainment	174		174
	(41,687)	0	(41,687)
Taxable Income at Ordinary Rates	147,297	(549)	146,748
Income Tax Exp at Ordinary Rates	37,932	(141)	37,791
Tax Benefit of Domestic Production Activities Deduction	0		0
Tax Effect of Deductible Preferred Stock Dividends	23		23
R&D Credit	229		229
TOTAL INCOME TAX EXPENSE	37,680	(141)	37,539

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Curr Eff Rates

COMPUTATION OF TAXES OTHER THAN INCOME TAX

2017

(\$ Thousands)

	Rate	Curr Eff Rates	Adjustment	At Proposed Rates
Electric Sales Revenue		1,532,472	(620)	1,531,852
Other Operating Revenue		2,905	17	2,922
Operating Revenues		1,535,377	(603)	1,534,774
Public Service Tax	5.885%	90,314	(35)	90,279
PUC Fees	0.500%	7,673	(3)	7,670
Franchise Tax	2.500%	38,294	(16)	38,278
Payroll Tax		9,342		9,342
TOTAL TAXES OTHER THAN INCOME TAX		145,623	(54)	145,569

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Curr Eff Rates
CALCULATIONS OF REVENUE REQUIREMENTS

2017

(\$ Thousands)

OPERATING INCOME AT CURR EFF RATES:

Operating Revenues	1,535,443
Fuel and Purchased Power Expenses	793,820
Other O&M Expenses	288,410
Depreciation & Amortization Expense	123,516
Amortization of State ITC	(5,633)
Taxes Other than Income	145,623
Interest on Customer Deposits	723
Income Taxes	37,680
Total Operating Expenses	1,384,139

OPERATING INCOME AT Curr Eff RATES 151,304

CALCULATIONS OF REVENUE REQUIREMENTS:

OPERATING INCOME

Rate Base at Proposed Rates	1,993,359
Proposed Rate of Return on Rate Base	x 7.57%
Operating Income	150,897

Less: Operating Income at Curr Eff Rates 151,304

INCREASE IN OPERATING INCOME (407)

OPERATING REVENUES:

Increase in Operating Income	(407)
Operating Income Divisor (divided by)	0.67601

INCREASE IN OPERATING REVENUES (603)

Increase in Electric Sales Revenue	(620)
Other Operating Revenue Rate	x -2.685%
Increase in Other Operating Revenues	17

(603)

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Curr Eff Rates

CALCULATIONS OF REVENUE REQUIREMENTS

2017

(\$ Thousands)

BAD DEBT:		
Increase in Electric Revenues		(620)
Bad Debt Rate	x	0.0000
		<hr/>
INCREASE IN BAD DEBT EXPENSE		0
<hr/>		
REVENUE TAX:		
Increase in Operating Revenues		(603)
Less: Increase in Bad Debt Expense		0
		<hr/>
PSC Tax & PUC Fees Rate	x	6.385%
		<hr/>
		(38)
Increase in Electric Revenues		(620)
Less: Increase in Bad Debt Expense		0
		<hr/>
Franchise Tax Rate	x	2.500%
		<hr/>
		(15)
INCREASE IN REVENUE TAX		<hr/>
		(53)
<hr/>		
INCOME TAX:		
Increase in Operating Revenues		(603)
Effective Income Tax Rate after considering revenue tax & bad debt	x	23.447%
		<hr/>
INCREASE IN INCOME TAX		(141)
		<hr/>
INCREASE IN OPERATING INCOME (check)		(409)
		<hr/>

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Curr Eff Rates
CALCULATIONS OF REVENUE REQUIREMENTS
2017
(\$ Thousands)

CHANGE IN RATE BASE:

	A	B	C	D
	EXPENSE	AVERAGE	NET	WORKING
	AMOUNT	DAILY	COLLECTION	CASH
		AMOUNT	LAG (DAYS)	REQMT
		(A/365)		(B) x (C)
Increase in Revenue Tax	(53)	(0)	(51)	7
Income Tax at Curr Eff Rate	16,800	46	(3)	120
Income Tax at Proposed Rate	16,659	46	(3)	(119)
CHANGE IN RATE BASE - WORKING CASH				8
Rate Base at Curr Eff Rates				1,993,351
PROPOSED RATE BASE				1,993,359
Operating Income at Curr Eff Rates				151,304
Increase in Operating Income				(407)
OPERATING INCOME AT PROPOSED RATES				150,897
PROPOSED RATE OF RETURN ON RATE BASE (check)				7.57%

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Curr Eff Rates
SUPPORT WORKSHEET
2017

OPERATING REVENUES:

Electric Sales Revenues	1,532,472
Other Operating Revenues	2,905
Gain on Sale of Land	66

TOTAL OPERATING REVENUES	<u>1,535,443</u>
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FUEL AND PURCHASE POWER EXPENSES:

Fuel Oil Expense	319,477
Fuel Related Non-labor Exp	5,637
Fuel Handling Labor Expense	2,494

Fuel Expense	<u>327,609</u>
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Purchased Power Expense	<u>466,211</u>
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TOTAL FUEL AND PURCHASE POWER EXPENSES	<u>793,820</u>
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OTHER OPERATION & MAINTENANCE EXPENSES:

Production	79,306
Transmission	15,808
Distribution	46,825
Customer Account	20,354
Allowance for Uncollectible Accounts	732
Customer Service	15,651
Administration & General	119,758
Customer Benefit Adjustment	(5,467)
Customer Benefit Adjustment 2	(4,556)

TOTAL OTHER OPERATION & MAINTENANCE EXPENSES	<u>288,410</u>
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Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Curr Eff Rates
SUPPORT WORKSHEET
2017

OTH O&M EXPENSES (LABOR/NONLABOR):

O&M Labor Expense	128,508
Nonlabor Expense	169,925
Payroll Taxes	9,342
Interest on Customer Deposits	723
Bad Debt Expense	(732)
Other Excluded Items	(18,098)
	<hr/>
O&M Non-Labor Expense	161,160

REVENUE TAX

Public Service Tax	
Electric Sales Revenues	1,532,472
Other Operating Revenues	2,905
Less: Bad Debt Expense	(732)
Operating Revenues subject to PSC Tax	1,534,645
Public Service Tax Rate	x 5.885%
Total PSC Tax	<hr/> 90,314

PUC Fees

Electric Sales Revenues	1,532,472
Other Operating Revenues	2,905
Less: Bad Debt Expense	(732)
Operating Revenues subject to PSC Tax	1,534,645
PUC Tax Rate	x 0.500%
Total PUC Tax	<hr/> 7,673

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Curr Eff Rates
SUPPORT WORKSHEET
2017

Franchise Tax		
Electric Sales Revenues		1,532,472
Less: Bad Debt Expense		(732)
		<hr/>
		1,531,740
Franchise Tax Rate	x	2.500%
Total Franchise Tax		<hr/>
		38,294
TOTAL REVENUE TAX		<hr/>
		136,281
INTEREST EXPENSE:		
Weighted Cost of Debt		
Short-Term Debt		0.020%
Long-Term Debt		1.990%
Hybrid Securities		0.090%
Total		<hr/>
		2.100%
Rate Base at Proposed Rates	x	<hr/>
		1,993,359
TOTAL INTEREST EXPENSE		<hr/>
		41,861
INCOME TAX EXPENSE SUMMARY		
Current		16,800
Deferred		16,667
State ITC		4,213
		<hr/>
TOTAL INCOME TAX EXPENSE		37,680
CALCULATIONS OF REVENUE TAX RATE:		
Franchise Tax Rate adjusted for Change in Oth Oper		
Revenues and Bad Debt		0.02567
PSC Tax Rate adjusted for Bad Debt		0.05885
PUC Tax Rate adjusted for Bad Debt		0.00500
		<hr/>
REVENUE TAX RATE		0.08952
CALCULATIONS OF COMPOSITE INCOME TAX RATE:		
State Tax Rate		0.06015
Federal Tax Rate		0.21000
State Tax Rate		0.06015
Federal Tax Rate	x	<hr/>
		0.21000
Federal Tax Effect on State Tax		<hr/>
		(0.01263)
COMPOSITE INCOME TAX RATE		<hr/>
		0.25752

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Curr Eff Rates
SUPPORT WORKSHEET
2017

CALCULATIONS OF COMPOSITE CAPITAL GAINS TAX RATE:		
State Capital Gains Tax Rate		0.03759
Federal Tax Rate		0.21000
State Capital Gains Tax Rate		0.03759
Federal Tax Rate	x	0.21000
Federal Tax Effect on State Capital Gains Tax Rate		(0.00789)
COMPOSITE CAPITAL GAINS TAX RATE		<u>0.23970</u>
CALCULATIONS OF EFFECTIVE INCOME TAX RATE:		
PSC Tax & PUC Fees Rates adjusted for Bad Debt		0.06385
Franchise Tax adjusted for Change in Oth Oper Rev and Bad Debt		0.02567
Bad Debt Rate adjusted for Change in Oth Oper Rev		-
Revenue Tax and Bad Debt rate		<u>0.08952</u>
Rev Tax & Bad Debt Reciprocal	(1 - 0.08952)	0.91048
Composite Income Tax Rate	x	<u>0.25752</u>
EFFECTIVE INCOME TAX RATE AFTER CONSIDERING REVENUE TAX & BAD DEBT		<u>0.23447</u>
CALCULATIONS OF OPERATING INCOME DIVISOR:		
PSC Tax & PUC Fees Rates		0.06385
Franchise Tax adjusted for Change in Oth Oper Rev		0.02567
Bad Debt Rate adjusted for Change in Oth Oper Rev		-
Effective Income Tax Rate after considering revenue tax & bad debt		<u>0.23447</u>
OPERATING INCOME DIVISOR	(1 - 0.32399)	<u>0.67601</u>

Hawaiian Electric Company, Inc.
Settlement on Amended Issues w/ Tax Act, w/ Rev at Present Rates
Results of Operations
2017
(\$ Thousands)

	Revenues at Present Rates ¹	Additional Amount	Revenue Requirements to Produce 7.57% Return on Average Rate Base
Electric Sales Revenue	1,357,612	174,239	1,531,851
Other Operating Revenue	2,905	17	2,922
Gain on Sale of Land	66		66
TOTAL OPERATING REVENUES	1,360,583	174,256	1,534,839
Fuel	327,609		327,609
Purchased Power	466,211		466,211
Production	79,306		79,306
Transmission	15,808		15,808
Distribution	46,825		46,825
Customer Accounts	20,354		20,354
Allowance for Uncoll. Accounts	732	0	732
Customer Service	15,651		15,651
Administration & General	119,758		119,758
Customer Benefit Adjustment	(5,467)		(5,467)
Customer Benefit Adjustment 2	(4,556)		(4,556)
Operation and Maintenance	1,082,231	0	1,082,231
Depreciation & Amortization	123,516		123,516
Amortization of State ITC	(5,633)		(5,633)
Taxes Other Than Income	130,086	15,482	145,568
Interest on Customer Deposits	723		723
Income Taxes	(3,349)	40,887	37,538
TOTAL OPERATING EXPENSES	1,327,574	56,369	1,383,943
OPERATING INCOME	33,009	117,887	150,896
AVERAGE RATE BASE	1,995,811	(2,451)	1,993,360
RATE OF RETURN ON AVERAGE RATE BASE	1.65%		7.57%

¹ Revenues at present rates are revenues at current effective rates less RAM and RBA revenues for the 2017 test year.

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Present Rates
COMPOSITE EMBEDDED COST OF CAPITAL
Estimated 2017 Average

	A	B	C	D
	Capitalization			
	Amount in Thousands	Percent of Total	Earnings Reqmts	Weighted Earnings Reqmts (B) x (C)
Short-Term Debt	27,770	1.18	1.75%	0.02%
Long-Term Debt	928,748	39.59	5.03%	1.99%
Hybrid Securities	28,651	1.22	7.19%	0.09%
Preferred Stock	21,137	0.90	5.37%	0.05%
Common Equity	1,339,335	57.10	9.50%	5.42%
Total	2,345,641	100.00		
Estimated Composite Cost of Capital				7.57%

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Present Rates
2017 AVERAGE RATE BASE
(\$ Thousands)

	Beginning Balance	End of Year Balance	Average Balance
Investments in Assets Serving Customers			
Net Cost of Plant in Service	2,595,452	2,770,695	2,683,073
Property Held for Future Use	0	0	0
Fuel Inventory	46,200	46,200	46,200
Materials & Supplies Inventories	28,427	28,427	28,427
Unamort. Net ASC 740 Reg. Asset	70,144	-129,063	-29,460
Pension Tracking Reg Asset	97,620	113,828	105,724
PSIP Deferred Cost	0	0	0
EOTP Reg Asset	444	89	267
CIP CT-1 Reg Asset	2,306	1,352	1,829
Plant Additions Reg Asset	0	0	0
Deferred Sys Dev Costs	15,932	13,496	14,714
RO Water Pipeline Reg Asset	4,958	4,842	4,900
Contrib in Excess of NPPC	6,470	6,470	6,470
Total Investments in Assets	2,867,953	2,856,336	2,862,144
Funds From Non-Investors			
Unamortized CIAC	347,826	395,134	371,480
Customer Advances	3,581	3,925	3,753
Customer Deposits	12,101	12,005	12,053
Environmental Reserve	0	0	0
Accumulated Def. Income Taxes	520,643	537,310	528,976
Excess Accum Def. Income Taxes	0	-203,950	-101,975
Unamort State ITC (Gross)	56,323	54,903	55,613
Unamortized Gain on Sale	248	182	215
OPEB Reg Liability	2,817	2,331	2,574
Total Deductions	943,539	801,840	872,689
Difference			1,989,455
Working Cash at Present Rates			6,356
Rate Base at Present Rates			1,995,811
Change in Rate Base - Working Cash			(2,451)
Rate Base at Proposed Rates			1,993,360

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Present Rates
WORKING CASH ITEMS
2017
(\$ Thousands)

	A	B	C	D
	COLLECTION	PAYMENT	NET	
	LAG	LAG	COLLECTION	ANNUAL
	(DAYS)	(DAYS)	LAG	AMOUNT
			(DAYS)	
			(A - B)	
Fuel	36.4	17.3	19.1	327,609
Purchased Power	36.4	41.8	(5.4)	466,211
O&M Labor	36.4	10.9	25.5	128,508
O&M Nonlabor	36.4	27.8	8.6	161,160
Revenue Taxes	36.4	87.3	(50.9)	120,744
Inc Taxes-Present Rates	36.4	39.0	(2.6)	(24,229)
Inc Taxes-Proposed Rates	36.4	39.0	(2.6)	16,658
	E	F	G	H
	AVERAGE	WORKING	AVERAGE	WORKING
	DAILY	CASH	DAILY	CASH
	AMOUNT	(Present	AMOUNT	(PROPOSED
	(D/365)	RATES)	(PROPOSED)	RATES)
		(C X E)		(C X G)
Fuel	898	17,143	898	17,143
Purchased Power	1,277	(6,897)	1,277	(6,897)
O&M Labor	352	8,978	352	8,978
O&M Nonlabor	442	3,797	442	3,797
Revenue Taxes	331	(16,838)	373	(18,997)
Inc Taxes-Present Rates	(66)	173		
Inc Taxes-Proposed Rates	46	-	46	(119)
Total		6,356		3,905
Change in Working Cash				(2,451)

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Present Rates
COMPUTATION OF INCOME TAX EXPENSE

2017

(\$ Thousands)

	Present Rates	Adjustment	At Proposed Rates
Operating Revenues	1,360,583	174,256	1,534,839
Operating Expenses:			
Fuel Oil and Purchased Power	793,820		793,820
Other Operation & Maintenance Expense	288,410	0	288,410
Depreciation	123,516		123,516
Amortization of State ITC	(5,633)		(5,633)
Taxes Other than Income	130,086	15,482	145,568
Interest on Customer Deposits	723		723
Total Operating Expenses	1,330,922	15,482	1,346,404
Operating Income Before Income Taxes	29,661	158,774	188,435
Tax Adjustments:			
Interest Expense	(41,861)		(41,861)
Meals and Entertainment	174		174
	(41,687)	0	(41,687)
Taxable Income at Ordinary Rates	(12,026)	158,774	146,748
Income Tax Exp at Ordinary Rates	(3,097)	40,887	37,790
Tax Benefit of Domestic Production Activities Deduction	0		0
Tax Effect of Deductible Preferred Stock Dividends	23		23
R&D Credit	229		229
TOTAL INCOME TAX EXPENSE	(3,349)	40,887	37,538

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Present Rates
COMPUTATION OF TAXES OTHER THAN INCOME TAX

2017
(\$ Thousands)

	Rate	Present Rates	Adjustment	At Proposed Rates
Electric Sales Revenue		1,357,612	174,239	1,531,851
Other Operating Revenue		2,905	17	2,922
Operating Revenues		1,360,517	174,256	1,534,773
Public Service Tax	5.885%	80,023	10,255	90,278
PUC Fees	0.500%	6,799	871	7,670
Franchise Tax	2.500%	33,922	4,356	38,278
Payroll Tax		9,342		9,342
TOTAL TAXES OTHER THAN INCOME TAX		130,086	15,482	145,568

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Present Rates
CALCULATIONS OF REVENUE REQUIREMENTS

2017

(\$ Thousands)

OPERATING INCOME AT PRESENT RATES:

Operating Revenues	1,360,583
Fuel and Purchased Power Expenses	793,820
Other O&M Expenses	288,410
Depreciation & Amortization Expense	123,516
Amortization of State ITC	(5,633)
Taxes Other than Income	130,086
Interest on Customer Deposits	723
Income Taxes	(3,349)
Total Operating Expenses	1,327,573

OPERATING INCOME AT PRESENT RATES 33,010

CALCULATIONS OF REVENUE REQUIREMENTS:

OPERATING INCOME

Rate Base at Proposed Rates	1,993,360
Proposed Rate of Return on Rate Base	x 7.57%
Operating Income	150,897

Less: Operating Income at Present Rates 33,010

INCREASE IN OPERATING INCOME 117,887

OPERATING REVENUES:

Increase in Operating Income	117,887
Operating Income Divisor (divided by)	0.67651

INCREASE IN OPERATING REVENUES 174,256

Increase in Electric Sales Revenue	174,239
Other Operating Revenue Rate	x 0.010%
Increase in Other Operating Revenues	17
	174,256

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Present Rates
CALCULATIONS OF REVENUE REQUIREMENTS

2017

(\$ Thousands)

BAD DEBT:		
Increase in Electric Revenues		174,239
Bad Debt Rate	x	0.0000
INCREASE IN BAD DEBT EXPENSE		<u>0</u>
REVENUE TAX:		
Increase in Operating Revenues		174,256
Less: Increase in Bad Debt Expense		<u>0</u>
PSC Tax & PUC Fees Rate	x	6.385%
		<u>11,126</u>
Increase in Electric Revenues		174,239
Less: Increase in Bad Debt Expense		<u>0</u>
Franchise Tax Rate	x	2.500%
		<u>4,356</u>
INCREASE IN REVENUE TAX		<u>15,482</u>
INCOME TAX:		
Increase in Operating Revenues		174,256
Effective Income Tax Rate after considering revenue tax & bad debt	x	23.464%
INCREASE IN INCOME TAX		<u>40,887</u>
INCREASE IN OPERATING INCOME (check)		<u>117,887</u>

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Present Rates
CALCULATIONS OF REVENUE REQUIREMENTS
2017
(\$ Thousands)

CHANGE IN RATE BASE:

	A	B	C	D
	EXPENSE	AVERAGE	NET	WORKING
	AMOUNT	DAILY	COLLECTION	CASH
	AMOUNT	AMOUNT	LAG (DAYS)	REQMT
		(A/365)		(B) x (C)
Increase in Revenue Tax	15,482	42	(51)	(2,159)
Income Tax at Present Rates	(24,229)	(66)	(3)	(173)
Income Tax at Proposed Rate	16,658	46	(3)	(119)
CHANGE IN RATE BASE - WORKING CASH				(2,451)
Rate Base at Present Rates				<u>1,995,811</u>
PROPOSED RATE BASE				<u>1,993,360</u>
Operating Income at Present Rates				33,010
Increase in Operating Income				117,887
OPERATING INCOME AT PROPOSED RATES				<u>150,897</u>
PROPOSED RATE OF RETURN ON RATE BASE (check)				<u>7.57%</u>

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Present Rates
SUPPORT WORKSHEET
2017

OPERATING REVENUES:

Electric Sales Revenues	1,357,612
Other Operating Revenues	2,905
Gain on Sale of Land	66

TOTAL OPERATING REVENUES	<u>1,360,583</u>
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FUEL AND PURCHASE POWER EXPENSES:

Fuel Oil Expense	319,477
Fuel Related Non-labor Exp	5,637
Fuel Handling Labor Expense	2,494

Fuel Expense	<u>327,609</u>
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Purchased Power Expense	<u>466,211</u>
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TOTAL FUEL AND PURCHASE POWER EXPENSES	<u>793,820</u>
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OTHER OPERATION & MAINTENANCE EXPENSES:

Production	79,306
Transmission	15,808
Distribution	46,825
Customer Account	20,354
Allowance for Uncollectible Accounts	732
Customer Service	15,651
Administration & General	119,758
Customer Benefit Adjustment	(5,467)
Customer Benefit Adjustment 2	(4,556)

TOTAL OTHER OPERATION & MAINTENANCE EXPENSES	<u>288,410</u>
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Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Present Rates
SUPPORT WORKSHEET
2017

OTH O&M EXPENSES (LABOR/NONLABOR):

O&M Labor Expense	128,508
Nonlabor Expense	169,925
Payroll Taxes	9,342
Interest on Customer Deposits	723
Bad Debt Expense	(732)
Other Excluded Items	(18,098)
	<hr/>
O&M Non-Labor Expense	161,160

REVENUE TAX

Public Service Tax	
Electric Sales Revenues	1,357,612
Other Operating Revenues	2,905
Less: Bad Debt Expense	(732)
	<hr/>
Operating Revenues subject to PSC Tax	1,359,785
Public Service Tax Rate	x 5.885%
Total PSC Tax	<hr/> 80,023

PUC Fees

Electric Sales Revenues	1,357,612
Other Operating Revenues	2,905
Less: Bad Debt Expense	(732)
	<hr/>
Operating Revenues subject to PSC Tax	1,359,785
PUC Tax Rate	x 0.500%
Total PUC Tax	<hr/> 6,799

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Present Rates
SUPPORT WORKSHEET
2017

Franchise Tax		
Electric Sales Revenues		1,357,612
Less: Bad Debt Expense		(732)
		<hr/>
		1,356,880
Franchise Tax Rate	x	2.500%
Total Franchise Tax		<hr/>
		33,922
TOTAL REVENUE TAX		<hr/>
		120,744
INTEREST EXPENSE:		
Weighted Cost of Debt		
Short-Term Debt		0.020%
Long-Term Debt		1.990%
Hybrid Securities		0.090%
Total		<hr/>
		2.100%
Rate Base at Proposed Rates	x	<hr/>
		1,993,360
TOTAL INTEREST EXPENSE		<hr/>
		41,861
INCOME TAX EXPENSE SUMMARY		
Current		(24,229)
Deferred		16,667
State ITC		4,213
		<hr/>
TOTAL INCOME TAX EXPENSE		(3,349)
CALCULATIONS OF REVENUE TAX RATE:		
Franchise Tax Rate adjusted for Change in Oth Oper		
Revenues and Bad Debt		0.02500
PSC Tax Rate adjusted for Bad Debt		0.05885
PUC Tax Rate adjusted for Bad Debt		0.00500
		<hr/>
REVENUE TAX RATE		0.08885
CALCULATIONS OF COMPOSITE INCOME TAX RATE:		
State Tax Rate		0.06015
Federal Tax Rate		0.21000
State Tax Rate		0.06015
Federal Tax Rate	x	<hr/>
		0.21000
Federal Tax Effect on State Tax		<hr/>
		(0.01263)
COMPOSITE INCOME TAX RATE		<hr/>
		0.25752

Hawaiian Electric Company, Inc.

Settlement on Amended Issues w/ Tax Act, w/ Rev at Present Rates
SUPPORT WORKSHEET
2017

CALCULATIONS OF COMPOSITE CAPITAL GAINS TAX RATE:

State Capital Gains Tax Rate		0.03759
Federal Tax Rate		0.21000
State Capital Gains Tax Rate		0.03759
Federal Tax Rate	x	0.21000
Federal Tax Effect on State Capital Gains Tax Rate		(0.00789)
COMPOSITE CAPITAL GAINS TAX RATE		<u>0.23970</u>

CALCULATIONS OF EFFECTIVE INCOME TAX RATE:

PSC Tax & PUC Fees Rates adjusted for Bad Debt		0.06385
Franchise Tax adjusted for Change in Oth Oper Rev and Bad Debt		0.02500
Bad Debt Rate adjusted for Change in Oth Oper Rev		-
Revenue Tax and Bad Debt rate		<u>0.08885</u>
Rev Tax & Bad Debt Reciprocal	(1 - 0.08885)	0.91115
Composite Income Tax Rate	x	<u>0.25752</u>
EFFECTIVE INCOME TAX RATE AFTER CONSIDERING REVENUE TAX & BAD DEBT		<u>0.23464</u>

CALCULATIONS OF OPERATING INCOME DIVISOR:

PSC Tax & PUC Fees Rates		0.06385
Franchise Tax adjusted for Change in Oth Oper Rev		0.02500
Bad Debt Rate adjusted for Change in Oth Oper Rev		-
Effective Income Tax Rate after considering revenue tax & bad debt		<u>0.23464</u>
OPERATING INCOME DIVISOR	(1 - 0.32349)	<u>0.67651</u>

	A	B	C	D	AF	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP	AQ
1	Hawaiian Electric Company, Inc.															
2																
3	REVENUE REQUIREMENTS															
4																
5	DATA INPUT	TEST YEAR: 2017														
6																
7	DESCRIPTION LINK TO REV REQ MODEL:															
8																
9																
10	(\$ Thous)															
11																
12																
67	Unamortized CIAC	T. Ha	BEG BAL													
68		T. Ha	END BAL	0	347,826	0	347,826	0	347,826	0	347,826	0	347,826	0	347,826	0
69			AVG BAL (rate)		395,134		395,134		395,134		395,134		395,134		395,134	
70	Customer Advances	T. Ha	BEG BAL	0	3,581	0	3,581	0	3,581	0	3,581	0	3,581	0	3,581	0
71		T. Ha	END BAL	0	3,925	0	3,925	0	3,925	0	3,925	0	3,925	0	3,925	0
72			AVG BAL (rate)		3,753		3,753		3,753		3,753		3,753		3,753	
73	Customer Deposits	J. Alberts	BEG BAL	0	12,101	0	12,101	0	12,101	0	12,101	0	12,101	0	12,101	0
74		J. Alberts	END BAL	0	12,005	0	12,005	0	12,005	0	12,005	0	12,005	0	12,005	0
75			AVG BAL (rate)		12,053		12,053		12,053		12,053		12,053		12,053	
76	Accum Deferred Taxes	L. Okada	BEG BAL	0	525,678	0	525,678	(5,035)	520,643	0	520,643	0	520,643	0	520,643	0
77		L. Okada	END BAL	(7,553)	557,678	0	557,678	2,517	560,196	0	560,196	(22,886)	537,310	0	537,310	0
78			AVG BAL (rate)		541,678		541,678		540,419		540,419	(11,443)	528,976		528,976	
79	Excess ADIT	L. Okada	BEG BAL	0	0	0	0	0	0	0	0	0	0	0	0	0
80		L. Okada	END BAL	0	0	0	0	0	0	0	0	0	(263,850)	0	(263,850)	0
81			AVG BAL (rate)		0		0		0		0		(101,975)		(101,975)	
82	Unamort State ITC (Gross)	L. Okada	BEG BAL	0	56,323	0	56,323	0	56,323	0	56,323	0	56,323	0	56,323	0
83		L. Okada	END BAL	0	54,903	0	54,903	0	54,903	0	54,903	0	54,903	0	54,903	0
84			AVG BAL (rate)		55,613		55,613		55,613		55,613		55,613		55,613	
85	Environmental Reserve	P. Nanbu	BEG BAL	0	0	0	0	0	0	0	0	0	0	0	0	0
86		P. Nanbu	END BAL	0	0	0	0	0	0	0	0	0	0	0	0	0
87			AVG BAL (rate)		0		0		0		0		0		0	
88	Unamort Gain on Sales	P. Nanbu	BEG BAL	0	248	0	248	0	248	0	248	0	248	0	248	0
89		P. Nanbu	END BAL	0	182	0	182	0	182	0	182	0	182	0	182	0
90			AVG BAL (rate)		215		215		215		215		215		215	
94	OPEB Reg Liability	P. Nanbu	BEG BAL	0	2,816	0	2,816	0	2,817	0	2,817	0	2,817	0	2,817	0
95		P. Nanbu	END BAL	0	2,331	0	2,331	0	2,331	0	2,331	0	2,331	0	2,331	0
96			AVG BAL (rate)		2,574		2,574		2,574		2,574		2,574		2,574	

	A	B	C	D	AF	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP	AA
1	Hawaiian Electric Company, Inc.															
2	REVENUE REQUIREMENTS															
3	TEST YEAR: 2017															
4	DATA INPUT															
5																
6																
7	DESCRIPTION LINK TO REV REQ MODEL															
8																
9																
10	(\$ Thous)															
11																
12	WORKING CASH ITEMS (\$ Thous)															
13	200 Delivered Tax Expense (Item)	O	Osaka		7,553	32,000	0	32,000	7,553	39,553	0	39,553	(22,889)	16,667	0	
14	200 Fuel Oil	O	1 Ha		0	128,508	0	128,508	0	128,508	0	128,508	0	128,508	0	
15	200 State (TTC Gross)	O	L Osaka		0	4,213	0	4,213	0	4,213	0	4,213	0	4,213	0	
16	210 Other Excluded Items	O	G Oshani		0	180,998	0	180,998	0	180,998	0	180,998	0	180,998	0	
17																
18	WORKING CASH LAG DAYS															
19	210 Fuel Oil (collection days)	O	L Albert		0	36.4	0.0	36.4	0.0	36.4	0.0	36.4	0.0	36.4	0.0	
20	210 Fuel Oil	O	G Oshani		0	17.3	0.0	17.3	0.0	17.3	0.0	17.3	0.0	17.3	0.0	
21	220 Purchase Power	O	G Oshani		0	41.8	0.0	41.8	0.0	41.8	0.0	41.8	0.0	41.8	0.0	
22	220 Labor Expense	O	G Oshani		0	10.9	0.0	10.9	0.0	10.9	0.0	10.9	0.0	10.9	0.0	
23	220 Non-labor Portion of O&M Exp	O	G Oshani		0	27.8	0.0	27.8	0.0	27.8	0.0	27.8	0.0	27.8	0.0	
24	220 Revenue Tax	O	G Oshani		0	87.3	0.0	87.3	0.0	87.3	0.0	87.3	0.0	87.3	0.0	
25	220 Income Tax (Gdren)	O	G Oshani		0	39.0	0.0	39.0	0.0	39.0	0.0	39.0	0.0	39.0	0.0	
26																
27	SALES AND REVENUES (in thousands)															
28	230 KWh Sales	R	A G30			1,480.8		1,480.8		1,480.8		1,480.8		1,480.8		
29	230 Fuel Oil	R	A G30			1,876.1		1,876.1		1,876.1		1,876.1		1,876.1		
30	230 State	R	A G30			1,259.9		1,259.9		1,259.9		1,259.9		1,259.9		
31	230 Other	R	A G30			1,697.7		1,697.7		1,697.7		1,697.7		1,697.7		
32	230 Fuel Oil	R	A G30			35.2		35.2		35.2		35.2		35.2		
33	230 Non-labor	R	A G30			6,690.2		6,690.2		6,690.2		6,690.2		6,690.2		
34	230 Revenue	R	A G30			16.0		16.0		16.0		16.0		16.0		
35	230 Income	R	A G30			360.449.9		360.449.9		360.449.9		360.449.9		360.449.9		
36	230 Other	R	A G30			79,816.0		79,816.0		79,816.0		79,816.0		79,816.0		
37	230 Fuel Oil	R	A G30			397,454.9		397,454.9		397,454.9		397,454.9		397,454.9		
38	230 State	R	A G30			224,646.1		224,646.1		224,646.1		224,646.1		224,646.1		
39	230 Other	R	A G30			334,225.9		334,225.9		334,225.9		334,225.9		334,225.9		
40	230 Fuel Oil	R	A G30			1,404,289.4		1,404,289.4		1,404,289.4		1,404,289.4		1,404,289.4		
41	230 Non-labor	R	A G30			(52,612.9)		(52,612.9)		(52,612.9)		(52,612.9)		(52,612.9)		
42	230 Revenue	R	A G30			(11,032.1)		(11,032.1)		(11,032.1)		(11,032.1)		(11,032.1)		
43	230 Income	R	A G30			(88,657.8)		(88,657.8)		(88,657.8)		(88,657.8)		(88,657.8)		
44	230 Other	R	A G30			(60,319.3)		(60,319.3)		(60,319.3)		(60,319.3)		(60,319.3)		
45	230 Fuel Oil	R	A G30			(1,250.7)		(1,250.7)		(1,250.7)		(1,250.7)		(1,250.7)		
46	230 State	R	A G30			(236,637.0)		(236,637.0)		(236,637.0)		(236,637.0)		(236,637.0)		
47	230 Other	R	A G30			57,287.5		57,287.5		57,287.5		57,287.5		57,287.5		
48	230 Fuel Oil	R	A G30			9,519.3		9,519.3		9,519.3		9,519.3		9,519.3		
49	230 State	R	A G30			27,489.8		27,489.8		27,489.8		27,489.8		27,489.8		
50	230 Other	R	A G30			40,661.6		40,661.6		40,661.6		40,661.6		40,661.6		
51	230 Fuel Oil	R	A G30			1,293.5		1,293.5		1,293.5		1,293.5		1,293.5		
52	230 State	R	A G30			190,040.1		190,040.1		190,040.1		190,040.1		190,040.1		
53	230 Other	R	A G30			38,877.7		38,877.7		38,877.7		38,877.7		38,877.7		
54	230 Fuel Oil	R	A G30			48,256.0		48,256.0		48,256.0		48,256.0		48,256.0		
55	230 State	R	A G30			33,078.1		33,078.1		33,078.1		33,078.1		33,078.1		
56	230 Other	R	A G30			44,572.2		44,572.2		44,572.2		44,572.2		44,572.2		
57	230 Fuel Oil	R	A G30			924.2		924.2		924.2		924.2		924.2		
58	230 State	R	A G30			174,890.2		174,890.2		174,890.2		174,890.2		174,890.2		
59	230 Other	R	A G30			365,124.5		365,124.5		365,124.5		365,124.5		365,124.5		
60	230 Fuel Oil	R	A G30			8,152.00		8,152.00		8,152.00		8,152.00		8,152.00		
61	230 State	R	A G30			49,256.00		49,256.00		49,256.00		49,256.00		49,256.00		
62	230 Other	R	A G30			33,078.10		33,078.10		33,078.10		33,078.10		33,078.10		
63	230 Fuel Oil	R	A G30			44,572.20		44,572.20		44,572.20		44,572.20		44,572.20		
64	230 State	R	A G30			174,890.20		174,890.20		174,890.20		174,890.20		174,890.20		
65	230 Other	R	A G30			365,124.50		365,124.50		365,124.50		365,124.50		365,124.50		
66	230 Fuel Oil	R	A G30			8,152.00		8,152.00		8,152.00		8,152.00		8,152.00		
67	230 State	R	A G30			49,256.00		49,256.00		49,256.00		49,256.00		49,256.00		
68	230 Other	R	A G30			33,078.10		33,078.10		33,078.10		33,078.10		33,078.10		
69	230 Fuel Oil	R	A G30			44,572.20		44,572.20		44,572.20		44,572.20		44,572.20		
70	230 State	R	A G30			174,890.20		174,890.20		174,890.20		174,890.20		174,890.20		
71	230 Other	R	A G30			365,124.50		365,124.50		365,124.50		365,124.50		365,124.50		
72	230 Fuel Oil	R	A G30			8,152.00		8,152.00		8,152.00		8,152.00		8,152.00		
73	230 State	R	A G30			49,256.00		49,256.00		49,256.00		49,256.00		49,256.00		
74	230 Other	R	A G30			33,078.10		33,078.10		33,078.10		33,078.10		33,078.10		
75	230 Fuel Oil	R	A G30			44,572.20		44,572.20		44,572.20		44,572.20		44,572.20		
76	230 State	R	A G30			174,890.20		174,890.20		174,890.20		174,890.20		174,890.20		
77	230 Other	R	A G30			365,124.50		365,124.50		365,124.50		365,124.50		365,124.50		
78	230 Fuel Oil	R	A G30			8,152.00		8,152.00		8,152.00		8,152.00		8,152.00		
79	230 State	R	A G30			49,256.00		49,256.00		49,256.00		49,256.00		49,256.00		
80	230 Other	R	A G30			33,078.10		33,078.10		33,078.10		33,078.10		33,078.10		
81	230 Fuel Oil	R	A G30			44,572.20		44,572.20		44,572.20		44,572.20		44,572.20		
82	230 State	R	A G30			174,890.20		174,890.20		174,890.20		174,890.20		174,890.20		
83	230 Other	R	A G30			365,124.50		365,124.50		365,124.50		365,124.50		365,124.50		
84	230 Fuel Oil	R	A G30			8,152.00		8,152.00		8,152.00		8,152.00		8,152.00		
85	230 State	R	A G30			49,256.00		49,256.00		49,256.00		49,256.00		49,256.00		
86	230 Other	R	A G30			33,078.10		33,078.10		33,078.10		33,078.10		33,078.10		
87	230 Fuel Oil	R	A G30			44,572.20		44,572.20		44,572.20		44,572.20		44,572.20		
88	230 State	R	A G30			174,890.20		174,890.20		174,890.20		174,890.20		174,89		

Hawaiian Electric Company, Inc.
Depreciation and Amortization Expense
For Years 2011 - 2017 (\$ in Thousands)
Formatted Similar to HECO-2501

Line							(A)	(B)
		Recorded 2011	Recorded 2012	Recorded 2013	Recorded 2014	Recorded 2015	Recorded 2016	Test Year Estimate 2017
1	Depreciation & Amortization Accrual	97,299	95,697	104,533	113,873	122,945	132,596	139,686
2	Less: Depreciation on vehicles	(2,292)	(2,413)	(2,815)	(3,034)	(3,099)	(3,518)	(3,590)
3	Amortization of CIAC	(7,786)	(4,896)	(5,653)	(6,148)	(6,771)	(7,597)	(8,309)
4	Amortization of Federal ITC - Note (1)	(248)	(56)	(45)	(45)	(45)	(45)	(45)
5	Amortization of Federal PV & EV Credit - Note (1)			(4)	(8)	(8)	(15)	(16)
6	Amortization of ASC 740 reg asset - Note (1)	2,279	2,033	2,122	2,184	2,254	2,272	(4,787)
7	Depreciation & Amortization Expense	89,252	90,365	98,138	106,822	115,276	123,693	122,939
8	EOTP Depreciation on on Excess Deferral - Note (2)	(428)	(134)					
9	CIP CT-1 Depreciation on on Excess Deferral - Note (3)	(369)	(797)	(342)				
10	Amortization of EOTP reg asset - Note (4)		266	355	355	355	355	36
11	Amortization of CIP CT-1 reg asset - Note (5)			557	954	954	954	541
12	Amortization of Fuel Infrastructure reg asset - Note (6)				303	606	606	
13	Adjusted Depreciation & Amortization Expense	88,455	89,700	98,708	108,131	116,585	125,002	123,516

Note (1): Amortization of Federal Investment Tax Credit ("ITC") is included in depreciation expense in accordance with the ASC 740 method of accounting for income taxes as described in Mr. Lon Okada's testimony in HECO T-26. Amortization of Federal Photovoltaic ("PV") credit is over 48 years. **2017 Test Year also includes amortization of the 2017 excess deferred taxes.**

Note (2): Amount represents East Oahu Transmission Project ("EOTP") depreciation on excess cost deferred. Amounts per page 1 of Exhibit 2. Attachments 3 and 4, to the Stipulated Supplement to the Parties' July 5, 2011 Stipulated Settlement Letter with respect to East Oahu Transmission Project Phase 1 Costs, dated February 3, 2012 filed in Docket No. 2010-0080 (Hawaiian Electric's 2011 test year rate case).

Note (3): Amount represents Campbell Industrial Park Combustion Turbine Unit 1 ("CIP CT-1") depreciation on excess cost deferred. Amounts per page 2 of HECO-WP-D1-001A (With Settlement) to the Hawaiian Electric Transmittal No. 13-03 (Decoupling) effective June 1, 2013 for approval to modify the RBA Rate Adjustment in its Revenue Balancing Account Provision Tariff filed March 28, 2013.

Note (4): EOTP regulatory asset amortization. See HECO-WP-2506. **2017 Test Year reflects amount proposed in Exhibit 1 of the Settlement Agreement.**

Note (5): CIP CT-1 regulatory asset amortization. See HECO-WP-2507. **2017 Test Year reflects amount proposed in Exhibit 1 of the Settlement Agreement.**

Note (6): Abandoned fuel infrastructure regulatory asset amortization. See HECO-WP-2508.

Source:

See HECO-WP-2501, page 1 for Columns A and B, lines 1 and 2.
See HECO-WP-2502 for Columns A and B, line 3.
See HECO-WP-2606 for Columns A and B, line 6.

HAWAIIAN ELECTRIC COMPANY, INC.
SUMMARY OF DEFERRED INCOME TAX LIABILITY
BALANCES FOR RATE BASE PURPOSES
FEDERAL AND STATE

(\$ Thousand)

	A	B	C	D	E	
	Actual	Actual	Actual	Actual	Actual	
	Balance	2014 Adds	Balance	2015 Adds	Balance	
	12/31/2013	(Amort), Net	12/31/2014	(Amort), Net	12/31/2015	
Accelerated Depreciation over Straight Line						
1	FEDERAL	184,291	32,660	216,951	23,582	240,533
2	STATE	8,554	1,233	9,787	1,278	11,065
3	Subtotal	192,845	33,893	226,738	24,860	251,598
All Other Items						
4	FEDERAL	153,627	22,085	175,712	22,864	198,576
5	STATE	29,690	5,573	35,263	4,807	40,070
6	Subtotal	183,317	27,658	210,975	27,671	238,646
7	TOTAL	376,162	61,551	437,713	52,531	490,244

	Actual	Actual	Actual	Estimated	Estimated	
	Balance	2016 Adds	Balance	2017 Adds	Balance	
	12/31/2015	(Amort), Net	12/31/2016	(Amort), Net	12/31/2017	
Accelerated Depreciation over Straight Line						
8	FEDERAL	240,533	24,865	265,398	2,799	268,197
9	STATE	11,065	1,224	12,289	1,509	13,798
10	Subtotal	251,598	26,089	277,687	4,308	281,995
All Other Items						
11	FEDERAL	198,576	8,271	206,847	6,145	212,992
12	STATE	40,070	1,074	41,144	1,178	42,322
13	Subtotal	238,646	9,345	247,991	7,323	255,314
14	TOTAL	490,244	35,434	525,678	11,631	537,309
15	AVERAGE BALANCE - WITHOUT SCHOFIELD					531,494

HAWAIIAN ELECTRIC CO., INC.						
DEFERRED INCOME TAXES						
FEDERAL						
LIAB DR (CR)		Actual	Actual	Actual	Estimate	Estimate
		12-31-15	2016	12-31-16	2017	12-31-17
28310	State ITC	17,354,362.10	1,223,677.00	18,578,039.10	(975,715.79)	17,602,323.31
28311	Unearned Lease	641.68	-	641.68	(641.68)	0.00
28312	Accrued Vacation	(336,261.99)	10,101.00	(326,160.99)	9,309.87	(316,851.12)
28313	Uncollectible Acct	1,167,003.72	230,620.00	1,397,623.72	-	1,397,623.72
28314	Directors Def Comp	14,257.19	(728.00)	13,529.19	-	13,529.19
28317	Discounted Work Comp	919,996.39	(571,803.00)	348,193.39	-	348,193.39
28319	Cap to Construction	(80,092,270.56)	(4,694,142.00)	(84,786,412.56)	(6,642,243.24)	(91,428,655.80)
28321	Pension	(6,385,290.67)	-	(6,385,290.67)	2,979,934.21	(3,405,356.46)
28323	Excess Benefit Plan	835,138.40	23,449.00	858,587.40	-	858,587.40
28326	Def Exec Comp	68,103.21	(4,906.00)	63,197.21	-	63,197.21
28327	Software	66,916.01	(14,501.00)	52,415.01	(116,432.82)	(64,017.81)
28328	G/L ACRS Retirements	(17,887,557.97)	(964,253.00)	(18,851,810.97)	(309,384.95)	(19,161,195.92)
28330	EICP	542,435.91	(49,239.00)	493,196.91	-	493,196.91
28331	CIAC	28,681,113.43	1,671,468.00	30,352,581.43	1,037,756.81	31,390,338.24
28332	Customer Advances	978,160.01	(6,906.91)	971,253.10	(66,287.83)	904,965.27
28333	Capitalized Interest	13,478,311.34	(234,669.00)	13,243,642.34	647,959.11	13,891,601.45
28335	Connection Fees	(16,019.85)	-	(16,019.85)	-	(16,019.85)
28336	Nondeductible Interest	31,694.10	-	31,694.10	-	31,694.10
28337	Supplemental Benefits -SERP	547,888.12	(28,859.00)	519,029.12	-	519,029.12
28340	LTIIP	417,781.68	282,405.00	700,186.68	-	700,186.68
28341	Waipahu Baseyard Int	111,861.55	-	111,861.55	-	111,861.55
28347	Waiuu Water Well Pmts	196,912.94	(21,243.00)	175,669.94	-	175,669.94
28401	Gen/Auto (& Accidents)	974,900.01	127,821.00	1,102,721.01	-	1,102,721.01
28403	CWIP Debt Transition	(322,217.72)	15,668.09	(306,549.63)	15,668.09	(290,881.54)
28404	CWIP Equity Trans	(972,847.30)	51,577.30	(921,270.00)	51,577.30	(869,692.70)
28405	Iolani Ct Plaza Sale	73,374.36	(15,643.73)	57,730.63	(14,956.98)	42,773.65
28406	Kaonohi Sale	(37,751.68)	-	(37,751.68)	-	(37,751.68)
28407	FAS 109 Flow Through	(348,136.95)	197,040.13	(151,096.82)	151,065.46	(31.36)
28408	Plant Transition	(9,863,473.81)	589,649.01	(9,273,824.80)	589,649.01	(8,684,175.79)
28409	CWIP Equity Net	(28,719,511.83)	(1,496,120.00)	(30,215,631.83)	(2,921,116.45)	(33,136,748.28)
28410	CWIP Equity Grossup	(18,291,207.55)	(952,913.00)	(19,244,120.55)	(1,860,312.17)	(21,104,432.72)
28411	CWIP Debt	(13,198,909.14)	(493,938.00)	(13,692,847.14)	(1,043,328.29)	(14,736,175.43)
28412	General/Auto Liability - Legal	71,809.44	(12,796.00)	59,013.44	-	59,013.44
28413	Post Retirement Ben	(257,991.81)	(77,727.30)	(335,719.11)	(87,489.80)	(423,208.91)
28414	Reg Liab Federal ITC	422,344.99	(24,403.94)	397,941.05	(24,403.94)	373,537.11
28418	IRP & DSM Costs	(37,428.47)	(71,681.00)	(109,109.47)	(1,676.65)	(110,786.12)
28419	Reg Liab Excess 283	285,196.44	(16,848.03)	268,348.41	(16,848.03)	251,500.38
28422	Miscellaneous	28,511.61	-	28,511.61	-	28,511.61
28427	Prepaid Expenses	(921,437.37)	61,211.00	(860,226.37)	(69,426.51)	(929,652.88)
28430	FMB X Premium	(20,089.46)	20,089.97	0.51	(0.48)	0.03
28434	EEO Claims	26,495.97	(16,271.00)	10,224.97	-	10,224.97
28435	Differential	(362,132.44)	61,525.11	(300,607.33)	61,525.11	(239,082.22)
28436	TIP	336,348.14	5,138.00	341,486.14	-	341,486.14
28440	Kalaeloa	35,880.21	(35,880.00)	0.21	-	0.21
28441	Sun Power	-	-	-	-	-
28442	Overhaul	17,033.81	(11,355.09)	5,678.72	(5,678.83)	(0.11)
28512	Revenue Bond Cost Amort	(1,518,972.48)	150,062.82	(1,368,909.66)	228,486.83	(1,140,422.83)
28516	Honolulu Harbor Reserve	1,488,480.68	(91,984.00)	1,396,496.68	(4,675.00)	1,391,821.68
28520	Deferred Comp - restricted stock	172,668.74	11,867.00	184,535.74	-	184,535.74
28522	Perry lawsuit	(0.00)	-	(0.00)	-	(0.00)
28526	Emissions Fees	602,686.07	(19,830.00)	582,856.07	(66,875.00)	515,981.07
28528	Substation land - Kuliouou	(0.00)	-	(0.00)	-	(0.00)
28530	AES Hawaii PPA	76,181.21	(11,427.96)	64,753.25	(11,427.96)	53,325.29
28532	CIS Project Costs	(1,528,563.28)	692,021.00	(836,542.28)	377,466.16	(459,076.12)
28534	CT-9 reserve	-	-	-	-	-
28536	Substation land - Queen Emma	(0.00)	-	(0.00)	-	(0.00)
28538	Rate Case Costs	(95,403.91)	28,518.00	(66,885.91)	-	(66,885.91)
28540	Kalaeloa PPA	2,577.70	(3,184.87)	(607.17)	607.16	(0.01)
28542	QUIPS amortization	(311,632.28)	25,761.62	(285,870.66)	25,761.62	(260,109.04)
28544	OPEB Exec Life	4,142,509.60	21,075.00	4,163,584.60	(55,115.13)	4,108,469.47
28546	Percentage Repairs Allowance	(3,886,871.71)	430,233.86	(3,456,637.85)	413,243.12	(3,043,394.73)
28548	Capitalized Interest (D&T)	(4,123,042.72)	168,732.00	(3,954,310.72)	199,845.12	(3,754,465.60)
28550	E-Business hardware	(32,884.47)	-	(32,884.47)	-	(32,884.47)
28552	OMS project costs	234,372.01	86,141.29	320,513.30	83,925.79	404,439.09
28554	Substation Land - Palolo	0.00	-	0.00	-	0.00
28556	Substation Land - Waianae	(0.00)	-	(0.00)	-	(0.00)
28558	Substation Land - Aiea	(0.00)	-	(0.00)	-	(0.00)
28560	Solar tax credit	1,050.66	-	1,050.66	-	1,050.66
28564	HR Suites project costs	(833,644.89)	159,342.95	(674,301.94)	159,342.95	(514,958.99)
28566	§481(a) adjustment (CIAC)	(0.00)	-	(0.00)	-	(0.00)
28568	Solar Saver Program	207,023.15	(47,100.00)	159,923.15	(44,074.34)	115,848.81
28570	Pension Tracker	(26,512,459.34)	(5,599,336.00)	(32,111,795.34)	3,182,280.92	(28,929,514.42)

HAWAIIAN ELECTRIC CO., INC.						
DEFERRED INCOME TAXES						
FEDERAL						
LIAB DR (CR)	Actual 12-31-15	Actual 2016	Actual 12-31-16	Estimate 2017	Estimate 12-31-17	
28572	OPEB Tracker	1,270,770.67	(81,868.75)	1,188,901.92	(1,994.40)	1,186,907.52
28574	Substation Land - Barber's Pt	0.00	-	0.00	-	0.00
28576	Substation Land - Haiku	0.00	-	0.00	-	0.00
28580	Blue Earth reserve	(2,130.59)	169.00	(1,961.59)	-	(1,961.59)
28582	HMSA Premium	-	-	-	-	-
28584	RO Water Pipeline	244,930.87	38,301.32	283,232.19	38,301.32	321,533.51
28586	Big Wind costs	200,425.80	145,865.00	346,290.80	-	346,290.80
28590	Repairs Adjustment	(45,546,802.17)	948,830.00	(44,597,972.17)	(2,336,102.69)	(46,934,074.86)
28592	Stimulus Funds	(54,867.76)	5,985.00	(48,882.76)	-	(48,882.76)
28594	Budget System Replacement	(369,231.00)	47,851.62	(321,379.38)	47,851.62	(273,527.76)
28596	EOTP interest / amort	(200,614.74)	89,162.21	(111,452.53)	37,149.34	(74,303.19)
28598	CIP interest	(794,353.52)	232,493.84	(561,859.68)	187,286.84	(374,572.84)
28600	ERP project costs	3,508.23	88,783.00	92,291.23	-	92,291.23
28602	Reg Liab Federal PV/EV	366,577.25	54,607.00	421,184.25	(8,678.61)	412,505.64
28604	IVR project costs	(265,738.78)	(84,703.74)	(350,442.52)	21,508.81	(328,933.71)
28606	NOL	26,975,146.00	(23,717,394.00)	3,257,752.00	-	3,257,752.00
28608	Franchise Tax	2,099,086.40	(107,297.00)	1,991,789.40	(139,121.71)	1,852,667.69
28612	CIS Interest	314,555.13	(314,555.00)	0.13	-	0.13
28614	RBA revenues	(14,831,888.47)	612,661.00	(14,219,227.47)	-	(14,219,227.47)
28616	RAM revenues	(4,826,343.42)	(1,127,756.00)	(5,954,099.42)	5,954,099.72	0.30
28618	NOL - charitable	(34,138.29)	23,559.00	(10,579.29)	-	(10,579.29)
28620	G/L Lauula	33,836.20	(6,311.00)	27,525.20	(7,123.42)	20,401.78
28622	NOL - credits	290,372.00	-	290,372.00	-	290,372.00
28624	AMT	-	937,000.00	937,000.00	-	937,000.00
28626	Environmental Reserve	-	-	-	-	-
28628	PSIP	-	-	-	-	-
AOCINQ	AOCI - NQ Pension	782,670.53	112,445.00	895,115.53	-	895,115.53
AOCIOPE	AOCI - OPEB Exec Life	(1,064,660.32)	207,241.00	(857,419.32)	-	(857,419.32)
AOCIFX	AOCI - FX Unrealize	-	244,305.00	244,305.00	-	244,305.00
48000	FIN 48 tax	-	-	-	-	-
48002	FIN 48 interest	29,067.11	2,343.00	31,410.11	-	31,410.11
50000	Rounding	(104.26)	1.00	(103.26)	-	(103.26)
TOTAL ACCOUNT 283		(177,681,916.20)	(30,892,777.18)	(208,574,693.38)	(329,530.41)	(208,904,223.79)
282	DEPRECIATION	(240,533,503.08)	(24,864,841.00)	(265,398,344.08)	(2,799,036.15)	(268,197,380.23)
TOTAL FEDERAL DEFERRED TAX LIABILITY (before rate case adjustments)						
		(418,215,419.28)	(55,757,618.18)	(473,973,037.46)	(3,128,566.56)	(477,101,604.02)
TOTAL ACCOUNT 283		(177,681,916.20)	(30,892,777.18)	(208,574,693.38)	(329,530.41)	(208,904,223.79)
Less Rate Case Adjustments:						
28312	Accrued Vacation	(336,261.99)	10,101.00	(326,160.99)	9,309.87	(316,851.12)
28313	Uncollectible Account	1,167,003.72	230,620.00	1,397,623.72	-	1,397,623.72
28314	Directors Def Comp	14,257.19	(728.00)	13,529.19	-	13,529.19
28317	Discounted Work Comp	919,996.39	(571,803.00)	348,193.39	-	348,193.39
28323	Excess Benefit Plan	835,138.40	23,449.00	858,587.40	-	858,587.40
28326	Def Exec Comp (Def LTIP)	68,103.21	(4,906.00)	63,197.21	-	63,197.21
28330	EICP	542,435.91	(49,239.00)	493,196.91	-	493,196.91
28336	Nondeductible Interest	31,694.10	-	31,694.10	-	31,694.10
28337	Supplemental Benefits -SERP	547,888.12	(28,859.00)	519,029.12	-	519,029.12
28338	Nondeductible Vacation	-	-	-	-	-
28340	LTIP	417,781.68	282,405.00	700,186.68	-	700,186.68
28341	Waipahu Baseyard Int	111,861.55	-	111,861.55	-	111,861.55
28347	Waiau Water Well Pmts	196,912.94	(21,243.00)	175,669.94	-	175,669.94
28401	Genl/Auto (& Accidents)	974,900.01	127,821.00	1,102,721.01	-	1,102,721.01
28412	Genl/Auto Legal	71,809.44	(12,796.00)	59,013.44	-	59,013.44
28418	IRP Costs	(37,428.47)	(71,681.00)	(109,109.47)	(1,676.65)	(110,786.12)
28422	Miscellaneous	28,511.61	-	28,511.61	-	28,511.61
28434	EEO Claims	26,495.97	(16,271.00)	10,224.97	-	10,224.97
28436	TIP/Rewards	336,348.14	5,138.00	341,486.14	-	341,486.14
28516	Honolulu Harbor Reserve	1,488,480.68	(91,984.00)	1,396,496.68	(4,675.00)	1,391,821.68
28520	Deferred Comp - restricted stock	172,668.74	11,867.00	184,535.74	-	184,535.74
28522	Perry lawsuit	(0.00)	-	(0.00)	-	(0.00)
28538	Rate Case - TY 2011	(95,403.91)	28,518.00	(66,885.91)	-	(66,885.91)
28544	OPEB Exec Life	4,142,509.60	21,075.00	4,163,584.60	(55,115.13)	4,108,469.47
28550	E-Business hardware	(32,884.47)	-	(32,884.47)	-	(32,884.47)
28568	Solar Saver Program	207,023.15	(47,100.00)	159,923.15	(44,074.34)	115,848.81
28580	Blue Earth reserve	(2,130.59)	169.00	(1,961.59)	-	(1,961.59)
28586	Big Wind costs	200,425.80	145,865.00	346,290.80	-	346,290.80
28600	ERP project costs	3,508.23	88,783.00	92,291.23	-	92,291.23
28606	NOL	26,975,146.00	(23,717,394.00)	3,257,752.00	-	3,257,752.00

HAWAIIAN ELECTRIC CO., INC.						
DEFERRED INCOME TAXES						
FEDERAL						
LIAB DR (CR)		Actual 12-31-15	Actual 2016	Actual 12-31-16	Estimate 2017	Estimate 12-31-17
28608	Franchise Tax	2,099,086.40	(107,297.00)	1,991,789.40	(139,121.71)	1,852,667.69
28614	RBA revenues	(14,831,888.47)	612,661.00	(14,219,227.47)	-	(14,219,227.47)
28616	RAM revenues	(4,826,343.42)	(1,127,756.00)	(5,954,099.42)	5,954,099.72	0.30
28618	NOL - charitable	(34,138.29)	23,559.00	(10,579.29)	-	(10,579.29)
28622	NOL - credits	290,372.00	-	290,372.00	-	290,372.00
28624	AMT	-	937,000.00	937,000.00	-	937,000.00
AOCINQ	AOCI - NQ Pension	782,670.53	112,445.00	895,115.53	-	895,115.53
AOCIOPEI	AOCI - OPEB Exec Life	(1,064,660.32)	207,241.00	(857,419.32)	-	(857,419.32)
AOCIFX	AOCI - FX Unrealize	-	244,305.00	244,305.00	-	244,305.00
48000	FIN 48 tax	-	-	-	-	-
48002	FIN 48 interest	29,067.11	2,343.00	31,410.11	-	31,410.11
	Adjustment for Ratemaking	(526,937.88)	131,684.06	(395,253.82)	97,199.89	(298,053.93)
	FED DEF'D TAX LIABILITY - OTHER	(198,575,935.03)	(8,270,769.24)	(206,846,704.27)	(6,145,477.06)	(212,992,181.33)
	FED DEF'D TAX LIAB - ACCEL DEPR	(240,533,503.08)	(24,864,841.00)	(265,398,344.08)	(2,799,036.15)	(268,197,380.23)
	TOTAL FEDERAL DEFERRED TAX LIABILITY (after rate case adjustments)	(439,109,438.11)	(33,135,610.24)	(472,245,048.35)	(8,944,513.21)	(481,189,561.56)
	TOTAL STATE DEFERRED TAX LIABILITY (after rate case adjustments)	(51,135,035.89)	(2,298,493.54)	(53,433,529.43)	(2,687,626.01)	(56,121,155.44)
	TOTAL DEFERRED TAX LIABILITY (after rate case adjustments)	(490,244,474.00)	(35,434,103.78)	(525,678,577.78)	(11,632,139.22)	(537,310,717.00)

HAWAIIAN ELECTRIC CO., INC.										
DEFERRED INCOME TAXES										
STATE										
LIAB DR (CR)	Actual 12-31-13	Actual 2014	Actual 12-31-14	Actual 2015	Actual 12-31-15	Actual 2016	Actual 12-31-16	Estimate 2017	Estimate 12-31-17	
28310	State ITC	2,617,395.22	300,618.17	2,918,013.39	238,572.45	3,156,585.84	223,131.00	3,379,716.84	(178,416.60)	3,201,300.24
28311	Unearned Lease	40.65	(1.29)	39.36	0.00	39.36	(39.00)	0.36	0.00	0.36
28312	Accrued Vacation	(41,442.40)	(8,827.61)	(50,270.01)	(17,388.87)	(67,658.88)	1,847.04	(65,811.84)	1,702.38	(64,109.46)
28313	Uncollectible Acct	291,225.55	(77,407.67)	213,817.88	(424,988)	213,392.90	42,171.00	255,563.90	0.00	255,563.90
28314	Directors Def Comp	2,575.93	(423.16)	2,152.77	(447.76)	1,705.01	(133.00)	1,572.01	0.00	1,572.01
28317	Discounted Work Comp	127,081.30	34,058.65	161,139.95	7,340.33	168,480.28	(104,558.00)	63,922.28	0.00	63,922.28
28319	Cap to Construction	(11,211,480.62)	(2,125,641.64)	(13,337,122.26)	(1,318,249.20)	(14,655,371.46)	(858,498.00)	(15,513,869.46)	(1,214,721.20)	(16,728,590.66)
28321	Pension	(1,167,607.59)	3.77	(1,167,603.82)	5.92	(1,167,597.90)	0.00	(1,167,597.90)	544,902.26	(622,695.64)
28323	Excess Benefit Plan	127,361.93	11,685.73	139,047.66	9,135.65	148,183.31	4,288.00	152,471.31	0.00	152,471.31
28326	Def Exec Comp	12,440.95	(7.95)	12,433.00	21.23	12,454.23	(897.00)	11,557.23	0.00	11,557.23
28327	Software	23,348.67	16,570.83	39,919.50	9,448.19	49,367.69	(5,666.00)	43,701.69	(45,492.68)	(1,790.99)
28328	GL ACRS Retirements	(2,909,326.04)	(715,774.89)	(3,625,100.93)	113,359.57	(3,511,741.36)	(201,692.00)	(3,713,433.36)	(56,557.00)	(3,769,990.36)
28330	EICP	90,080.58	(5,504.72)	84,575.86	(1,558.37)	83,017.49	(9,004.00)	74,013.49	0.00	74,013.49
28331	CIAC	7,064,404.09	461,055.74	7,525,459.83	805,161.56	8,330,621.39	1,027,461.00	9,358,082.39	758,477.12	10,116,559.51
28332	Customer Advances	175,189.49	4,123.61	179,313.10	(1,112.85)	178,200.25	(1,262.98)	176,937.27	(12,121.20)	164,816.07
28333	Capitalized Interest	3,424,182.91	(96,600.59)	3,327,582.32	20,165.34	3,347,747.66	22,746.00	3,370,493.66	269,830.18	3,640,323.84
28335	Connection Fees	(8,444.14)	0.00	(8,444.14)	0.00	(8,444.14)	0.00	(8,444.14)	0.00	(8,444.14)
28336	Nondeductible Interest	15,758.53	(9,394.41)	6,364.12	(569.02)	5,795.10	0.00	5,795.10	0.00	5,795.10
28337	Supplemental Benefits -SERP	100,406.51	(5,538.17)	94,868.34	(4,967.56)	89,900.78	(5,277.00)	84,623.78	0.00	84,623.78
28340	LTP	64,647.86	43,082.83	107,730.69	(31,336.54)	76,394.15	51,640.00	128,034.15	0.00	128,034.15
28341	Waipahu Baseyard Int	20,452.91	0.00	20,452.91	0.00	20,452.91	0.00	20,452.91	0.00	20,452.91
28347	Waiau Water Well Pmts	43,791.56	(3,884.38)	39,907.18	(3,884.38)	36,022.80	(3,884.00)	32,138.80	0.00	32,138.80
28350	Loss Adj Exp	(24,509.00)	0.00	(24,509.00)	0.00	(24,509.00)	0.00	(24,509.00)	0.00	(24,509.00)
28401	Genl/Auto (& Accidents)	125,978.30	49,503.76	175,482.06	2,784.96	178,267.02	23,373.00	201,640.02	0.00	201,640.02
28403	CWIP Debt Transition	(64,652.13)	2,865.02	(61,787.11)	2,865.02	(58,922.09)	2,865.02	(56,057.07)	2,865.02	(53,192.05)
28404	CWIP Equity Trans	(196,755.49)	9,431.27	(187,324.22)	9,431.27	(177,892.95)	9,431.27	(168,461.68)	9,431.27	(159,030.41)
28405	Iolani Ct Plaza Sale	(2,541.21)	(2,953.41)	(5,494.62)	11,639.17	6,144.55	(6,694.73)	(550.18)	(1,501.60)	(2,051.78)
28406	Kaonohi Sale	(6,942.61)	0.00	(6,942.61)	0.00	(6,942.61)	0.00	(6,942.61)	0.00	(6,942.61)
28407	FAS 109 Flow Through	(135,676.09)	36,030.20	(99,645.89)	36,030.20	(63,615.69)	36,030.20	(27,585.49)	27,623.40	37.91
28408	Plant Transition	(2,019,283.66)	107,821.53	(1,911,462.13)	107,821.53	(1,803,640.60)	107,821.53	(1,695,819.07)	107,821.53	(1,587,997.54)
28409	CWIP Equity Net	(4,779,915.32)	(252,431.56)	(5,032,346.88)	(219,201.33)	(5,251,548.21)	(273,576.00)	(5,525,124.21)	(534,147.00)	(6,059,271.21)
28410	CWIP Equity Grossup	(3,044,270.67)	(160,779.48)	(3,205,050.15)	(139,614.37)	(3,344,664.52)	(174,247.00)	(3,518,911.52)	(340,171.37)	(3,859,082.89)
28411	CWIP Debt	(2,270,195.67)	(84,959.44)	(2,355,155.11)	(61,891.53)	(2,417,046.64)	(90,320.00)	(2,507,366.64)	(190,780.03)	(2,698,146.67)
28412	General/Auto Liability - Legal	13,889.91	(2,790.98)	11,098.93	(396.99)	10,701.94	(2,340.00)	8,361.94	0.00	8,361.94
28413	Post Retirement Ben	6,614.99	(33,825.38)	(27,210.39)	0.00	(27,210.39)	(14,212.99)	(41,423.38)	(15,998.14)	(57,421.52)
28414	Reg Liab Federal ITC	86,991.57	(4,462.08)	82,529.49	(4,462.44)	78,067.05	(4,462.44)	73,604.61	(4,462.44)	69,142.17
28418	IRP & DSM Costs	(3,291.21)	(1,911.75)	(5,202.96)	(1,332.43)	(6,535.39)	(13,617.00)	(20,152.39)	(526.69)	(20,679.08)
28419	Reg Liab Excess 283	58,951.88	(3,080.78)	55,871.10	(3,080.78)	52,790.32	(3,080.78)	49,709.54	(3,080.78)	46,628.76
28422	Miscellaneous	(16,969.99)	0.00	(16,969.99)	0.00	(16,969.99)	0.00	(16,969.99)	0.00	(16,969.99)
28427	Prepaid Expenses	(188,529.90)	11,520.28	(177,009.62)	8,519.33	(168,490.29)	11,193.00	(157,297.29)	(12,695.13)	(169,992.42)
28430	FMB X Premium	(11,690.83)	4,008.00	(7,682.83)	4,008.00	(3,674.83)	3,673.59	(1.24)	1.24	(0.00)
28432	Coal Gasif Costs	(11,273.00)	0.00	(11,273.00)	0.00	(11,273.00)	0.00	(11,273.00)	0.00	(11,273.00)
28434	EEO Claims	1,642.94	(677.20)	965.74	3,879.26	4,845.00	(2,975.00)	1,870.00	0.00	1,870.00
28435	Differential	(88,718.64)	11,250.30	(77,468.34)	11,250.30	(66,218.04)	11,250.30	(54,967.74)	11,250.30	(43,717.44)
28436	TIP	(12,238.18)	32,905.16	20,666.98	41,996.74	61,763.72	940.00	62,703.72	0.00	62,703.72
28437	HACOA	(1,533.00)	0.00	(1,533.00)	0.00	(1,533.00)	0.00	(1,533.00)	1,533.00	0.00
28438	BONY Rev	(148.00)	0.00	(148.00)	0.00	(148.00)	0.00	(148.00)	148.00	0.00
28439	GAQS Tel	(255.00)	0.00	(255.00)	0.00	(255.00)	0.00	(255.00)	255.00	0.00
28440	Kalaheo	(37,822.75)	(2,157.08)	(39,979.83)	(2,370.33)	(42,350.16)	42,350.00	(0.16)	0.00	(0.16)
28442	Overhaul	7,268.48	(2,076.36)	5,192.12	(2,076.82)	3,115.30	(2,076.36)	1,038.94	(1,038.41)	0.53
28512	Revenue Bond Cost Amort	(558,128.26)	40,187.07	(517,941.19)	40,187.07	(477,754.12)	27,440.00	(450,314.06)	41,780.45	(408,533.61)
28514	APPRISE Software	(50,607.54)	0.00	(50,607.54)	0.00	(50,607.54)	0.00	(50,607.54)	28,056.54	(22,551.00)
28516	Honolulu Harbor Reserve	73,047.05	(2,617.37)	70,429.68	229,807.23	300,236.91	(16,820.00)	283,416.91	(28,911.40)	254,505.51
28520	Deferred Comp - restricted stock	49,784.34	(9,033.68)	40,750.66	(9,777.44)	31,773.22	2,170.00	33,743.22	0.00	33,743.22
28526	Emissions Fees	82,571.75	5,431.93	88,003.68	22,201.90	110,205.58	(3,626.00)	106,579.58	(12,228.57)	94,351.01
28530	AES Hawaii PPA	7,974.86	(920.24)	7,054.62	6,875.85	13,930.67	(2,089.68)	11,840.99	(2,089.68)	9,751.31
28532	CIS Project Costs	(211,451.13)	(79,454.02)	(290,905.15)	12,003.34	(278,901.81)	126,541.00	(152,360.81)	69,022.38	(83,338.43)
28538	Rate Case Costs	(39,674.40)	(28,938.42)	(68,612.82)	51,167.16	(17,445.66)	5,215.00	(12,230.66)	0.00	(12,230.66)
28540	Kalaheo PPA	3,896.46	(1,717.77)	2,178.69	(1,707.61)	471.08	(582.38)	(111.30)	111.30	(0.00)
28542	QUIPS amortization	(66,405.94)	4,710.70	(61,695.24)	4,710.70	(56,984.54)	4,710.70	(52,273.84)	4,710.70	(47,563.14)
28544	OPEB Exec Life	731,166.31	5,694.02	736,860.33	20,695.22	757,555.55	3,854.00	761,409.55	(10,078.20)	751,331.35
28546	Percentage Repairs Allowance	(1,051,929.70)	95,256.00	(956,673.70)	93,666.35	(863,007.35)	92,903.40	(770,103.95)	89,752.36	(680,351.59)
28548	Capitalized Interest (D&T)	(987,256.30)	(90,541.47)	(1,077,797.77)	60,375.65	(1,017,422.12)	5,465.00	(1,011,957.12)	17,655.94	(994,301.18)
28550	E-Business hardware	(8,206.93)	0.00	(8,206.93)	0.00	(8,206.93)	0.00	(8,206.93)	0.00	(8,206.93)
28552	OMS project costs	12,868.82	15,552.97	28,421.79	15,734.87	44,156.66	15,751.55	59,908.21	15,346.43	75,254.64
28558	Substation Land - Aiea	(2,073.65)	0.00	(2,073.65)	0.00	(2,073.65)	0.00	(2,073.65)	0.00	(2,073.65)
28560	Solar Tax Credit	192.12	0.00	192.12	0.00	192.12	0.00	192.12	0.00	192.12
28564	HR Suites project costs	(198,482.38)	14,658.99	(183,823.39)	29,136.99	(154,686.40)	29,136.99	(125,549.41)	29,136.99	(96,412.42)
28568	Solar Saver Program	54,536.19	(8,456.01)	46,080.18	(8,224.77)	37,855.41	(8,613.00)	29,242.41	(8,059.31)	21,183.10
28570	Pension Tracker	(2,257,540.60)	(692,107.01)	(2,949,647.61)	(1,898,330.59)	(4,847,978.20)	(1,023,879.76)	(5,871,857.96)	581,902.80	(5,289,955.16)
28572	OPEB Tracker	307,774.50	4,642.11	312,416.61	(80,048.60)	232,368.01	(14,970.29)	217,397.72	(364.69)	217,033.03
28574	Substation Land - Barber's Pt	(87.60)	0.00	(87.60)	0.00	(87.60)	0.00	(87.60)	0.00	(87.60)
28576	Substation Land - Haiku	(1,165.87)	1,165.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00
28580	Blue Earth reserve	(358.58)	0.00	(358.58)	(30.98)	(389.56)	30.98	(358.58)	0.00	(358.58)
28584	RO Water Pipeline	30,779.88	7,003.67	37,783.55	7,003.67	44,787.22	7,003.67	51,790.89	7,003.67	58,794.56
28586	Big Wind costs	(121,785.58)	81,185.83	(40,599.75)	77,249.76	36,650.01	26,673.00	63,323.01	0.00	63,323.01
28590	Repairs Adjustment	(10,153,766.61)	(2,461,679.40)	(12,615,446.01)	(2,713,061.34)	(15,328,507.35)	(152,335.00)	(15,480,842.35)	(1,194,884.87)	(16,675,727.22)
28592	Stimulus Funds	1,128.25	(11,099.43)	(9,971.18)	(61.77)	(10,032.95)	1,094.00	(8,938.95)	0.00	(8,938.95)
28594	Budget System Replacement	(49,261.05)	(24,254.59)	(73,515.64)	5,999.63	(67,516.01)	8,750.01	(58,766.00)	8,750.01	(50,015.99)
28596	EOTIP interest / amort	(69,292.03)	16,303.95	(52,988.08)	16,303.95	(36,684.13)	16,303.95	(20,380.18)	6,793.02	(13,587.16)
28598	CIP interest	(230,278.88)	42,513.16	(187,765.72)	42,513.16	(145,252.56)	42,513.16	(102,739.40)	34,246.74	(68,492.66)
28600	ERP project costs	62,650.11	34,237.11	96,887.22	(96,245.72)	641.50	16,235.00	16,876.50	0.00	16,876.50
28602	Reg Liab Federal PV/EV	40,081.04	(1,840.61)	38,240.43	28,789.39	67,029.82	9,986.00	77,015.82	(1,586.94)	75,428.88
28604	IVR project costs	101,214.11	17,766.62	118,980.73	(138,506.14)	(19,525.41)	(41,061.3			

HAWAIIAN ELECTRIC CO., INC.									
DEFERRED INCOME TAXES									
STATE									
LIAB DR (CR)	Actual 12-31-13	Actual 2014	Actual 12-31-14	Actual 2015	Actual 12-31-15	Actual 2016	Actual 12-31-16	Estimate 2017	Estimate 12-31-17
TOTAL STATE DEFERRED TAX LIABILITY (before rate case adjustments)	(35,932,316.46)	(11,040,923.01)	(46,973,239.47)	(4,705,665.26)	(51,678,904.73)	(2,274,929.27)	(53,953,834.00)	(1,648,775.49)	(55,602,609.49)
TOTAL ACCOUNT 283	(27,378,017.44)	(9,808,124.31)	(37,186,141.75)	(3,427,614.73)	(40,613,756.48)	(1,050,439.27)	(41,664,195.75)	(139,406.26)	(41,803,602.01)
Less Rate Case Adjustments:									
28312 Accrued Vacation	(41,442.40)	(8,827.61)	(50,270.01)	(17,388.87)	(67,658.88)	1,847.04	(65,811.84)	1,702.38	(64,109.46)
28313 Uncollectible Account	291,225.55	(77,407.67)	213,817.88	(424.98)	213,392.90	42,171.00	255,563.90	0.00	255,563.90
28314 Directors Def Comp	2,575.93	(423.16)	2,152.77	(447.76)	1,705.01	(133.00)	1,572.01	0.00	1,572.01
28317 Discounted Work Comp	127,081.30	34,058.65	161,139.95	7,340.33	168,480.28	(104,558.00)	63,922.28	0.00	63,922.28
28323 Excess Benefit Plan	127,361.93	11,685.73	139,047.66	9,135.65	148,183.31	4,288.00	152,471.31	0.00	152,471.31
28326 Def Exec Comp (Def LTIP)	12,440.95	(7.95)	12,433.00	21.23	12,454.23	(897.00)	11,557.23	0.00	11,557.23
28330 EICP	90,080.58	(5,504.72)	84,575.86	(1,558.37)	83,017.49	(9,004.00)	74,013.49	0.00	74,013.49
28336 Nondeductible Interest	15,758.53	(9,394.41)	6,364.12	(569.02)	5,795.10	0.00	5,795.10	0.00	5,795.10
28337 Supplemental Benefits -SERP	100,406.51	(5,538.17)	94,868.34	(4,967.56)	89,900.78	(5,277.00)	84,623.78	0.00	84,623.78
28340 LTIP	64,647.86	43,082.83	107,730.69	(31,336.54)	76,394.15	51,640.00	128,034.15	0.00	128,034.15
28341 Waipahu Baseyard Int	20,452.91	0.00	20,452.91	0.00	20,452.91	0.00	20,452.91	0.00	20,452.91
28347 Waiuu Water Well Pmts	43,791.56	(3,884.38)	39,907.18	(3,884.38)	36,022.80	(3,884.00)	32,138.80	0.00	32,138.80
28350 Outage Loss Adj Exp	(24,509.00)	0.00	(24,509.00)	0.00	(24,509.00)	0.00	(24,509.00)	0.00	(24,509.00)
28401 Genl/Auto (& Accidents)	125,978.30	49,503.76	175,482.06	2,784.96	178,267.02	23,373.00	201,640.02	0.00	201,640.02
28412 Genl/Auto Legal	13,889.91	(2,790.98)	11,098.93	(396.99)	10,701.94	(2,340.00)	8,361.94	0.00	8,361.94
28418 IRP Costs	(3,291.21)	(1,911.75)	(5,202.96)	(1,332.43)	(6,535.39)	(13,617.00)	(20,152.39)	(526.69)	(20,679.08)
28422 Miscellaneous	(16,969.99)	0.00	(16,969.99)	0.00	(16,969.99)	0.00	(16,969.99)	0.00	(16,969.99)
28434 EEO Claims	1,642.94	(677.20)	965.74	3,879.26	4,845.00	(2,975.00)	1,870.00	0.00	1,870.00
28436 TIP	(12,238.18)	32,905.16	20,666.98	41,096.74	61,763.72	940.00	62,703.72	0.00	62,703.72
28516 Honolulu Harbor Reserve	73,047.05	(2,617.37)	70,429.68	229,807.23	300,236.91	(16,820.00)	283,416.91	(28,911.40)	254,505.51
28520 Deferred Comp - restricted stock	49,784.34	(9,033.68)	40,750.66	(9,177.44)	31,573.22	2,170.00	33,743.22	0.00	33,743.22
28538 Rate Case - TY 2005	(39,674.40)	(28,938.42)	(68,612.82)	51,167.16	(17,445.66)	5,215.00	(12,230.66)	0.00	(12,230.66)
28544 OPEB Exec Life	731,166.31	5,694.02	736,860.33	20,695.22	757,555.55	3,854.00	761,409.55	(10,078.20)	751,331.35
28550 E-Business hardware	(8,206.93)	0.00	(8,206.93)	0.00	(8,206.93)	0.00	(8,206.93)	0.00	(8,206.93)
28568 Solar Saver Program	54,536.19	(8,456.01)	46,080.18	(8,224.77)	37,855.41	(8,613.00)	29,242.41	(8,059.31)	21,183.10
28580 Blue Earth reserve	(358.58)	0.00	(358.58)	(30.98)	(389.56)	30.98	(358.58)	0.00	(358.58)
28586 Big Wind costs	(121,785.58)	81,185.83	(40,599.75)	77,249.76	36,650.01	26,673.00	63,323.01	0.00	63,323.01
28600 ERP project costs	62,650.11	34,237.11	96,887.22	(96,245.72)	641.50	16,235.00	16,876.50	0.00	16,876.50
28606 NOL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
28608 Franchise Tax	491,132.20	(32,404.30)	458,727.90	(74,895.66)	383,832.24	(19,620.00)	364,212.24	(25,439.40)	338,772.84
28614 RBA revenues	0.00	(3,475,785.33)	(3,475,785.33)	763,668.57	(2,712,116.76)	112,030.00	(2,600,086.76)	0.00	(2,600,086.76)
28616 RAM revenues	0.00	(671,845.71)	(671,845.71)	(210,685.65)	(882,531.36)	(206,219.00)	(1,088,750.36)	1,088,749.89	(0.47)
28618 NOL - charitable	0.00	0.00	0.00	1,193.46	1,193.46	1,473.00	2,666.46	(2,666.00)	0.46
28622 NOL - credits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
28624 AMT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AOCINQ AOCI - NQ Pension	105,681.31	66,349.00	172,030.31	(28,918.00)	143,112.31	20,560.00	163,672.31	0.00	163,672.31
AOCIOPEAOCI - OPEB Exec Life	(140,214.19)	(13,088.00)	(153,302.19)	(41,381.00)	(194,683.19)	37,896.00	(156,787.19)	0.00	(156,787.19)
AOCIFX AOCI - FX Unrealize	0.00	0.00	0.00	0.00	0.00	44,673.00	44,673.00	0.00	44,673.00
48000 FIN 48 tax	257,945.00	(257,945.00)	0.00	674,189.00	674,189.00	(2,056.00)	672,133.00	0.00	672,133.00
48002 FIN 48 interest	1,668.89	(1,668.89)	0.00	5,315.13	5,315.13	429.00	5,744.13	0.00	5,744.13
Adjustment for Ratemaking	(144,512.00)	24,079.25	(120,432.75)	24,079.25	(96,353.50)	24,079.25	(72,274.25)	24,079.25	(48,195.00)
STATE DEF'D TAX LIABILITY - OTHER	(29,689,761.14)	(5,572,754.94)	(35,262,516.08)	(4,807,371.56)	(40,069,887.64)	(1,074,003.54)	(41,143,891.18)	(1,178,256.78)	(42,322,147.96)
STATE DEF'D TAX LIAB - ACCEL DEPR	(8,554,299.02)	(1,232,798.70)	(9,787,097.72)	(1,278,050.53)	(11,065,148.25)	(1,224,490.00)	(12,289,638.25)	(1,509,369.23)	(13,799,007.48)
TOTAL STATE DEFERRED TAX LIABILITY (after rate case adjustments)	(38,244,060.16)	(6,805,553.64)	(45,049,613.80)	(6,085,422.09)	(51,135,035.89)	(2,298,493.54)	(53,433,529.43)	(2,687,626.01)	(56,121,155.44)

Hawaiian Electric Company, Inc.
2017 Test Year Rate Case
ASC 740 Reconciliation
Regulatory Assets And Liabilities
(\$ Thousand)

	H	I	J	K	L	M	N
	Actual	Actual	Actual	Actual	Estimate	Estimate	Estimate
	Balance	2016	2016	Balance	2017	2017	Balance
	12/31/2015	Amort	Adds	12/31/2016	Amort	Adds	12/31/2017
1 CWIP Equity Transition (#18673100)	1,151	(61)		1,090	(61)		1,029
2 SFAS 109 Flow Through (#18673200)	412	(233)		179	(179)		-
3 Plant Transition (#18673300)	11,669	(697)		10,972	(697)		10,275
4 CWIP Equity Ongoing (#18673400)	55,606	(1,345)	4,241	58,502	(1,421)	7,076	64,157
5 Federal ITC (#18673500)	(500)	29		(471)	29		(442)
6 Federal PV/EV Credit (#18673510)	(434)	60	(125)	(499)	21		(478)
Excess Deferred Taxes							
7 (#18673900 - Acct 283)	(868)	51		(817)	51		(766)
Deficit Deferred Taxes							
8 (#18673120 - Acct 282)	1,264	(76)		1,188	(76)		1,112
9 Excess Deferred Taxes - 2017						(203,950)	(203,950)
10 TOTAL	<u>68,300</u>	<u>(2,272)</u>	<u>4,116</u>	<u>70,144</u>	<u>(2,333)</u>	<u>(196,874)</u>	<u>(129,063)</u>
				a			b
11 AVERAGE BALANCE						average(a,b)=	<u>(29,460)</u>

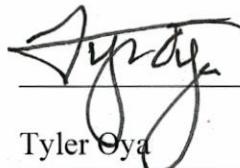
CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing document, together with this Certificate of Service, were duly served on the following parties and participants, by having said copies delivered by electronic service, by hand delivery, and/or by mailing a copy by United States mail, postage prepaid, as set forth below:

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DATED: Honolulu, Hawai'i, March 5, 2018.



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Regulatory Affairs