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BEFORE THE PUBLIC UTILITIES COMMISSION

PUBLIC UTILITIES  
COMMISSION

OF THE STATE OF HAWAII

In the Matter of the Application of	)	
	)	
HAWAII ELECTRIC LIGHT COMPANY, INC.	)	Transmittal No. 18-02 (Decoupling)
	)	
For approval to modify the RBA Rate Adjustment	)	Effective
in its Revenue Balancing Account Provision Tariff	)	Date: June 1, 2018
_____	)	

I

In accordance with the Final Decision and Order in Docket No. 2008-0274, Hawai'i Electric Light Company, Inc. ("Hawai'i Electric Light" or "Company") files its annual transmittal to revise paragraph E (Tariff Revised Sheet No. 91C) of its Revenue Balancing Account ("RBA") Provision tariff ("RBA Tariff") to revise the RBA Rate Adjustment by \$0.003905 from the current rate of \$0.006313<sup>1</sup> per kilowatt-hour ("kWh") to the new rate of \$0.010218 per kWh, effective June 1, 2018 through May 31, 2019. The RBA Rate Adjustment is based on the Company's RBA balance at the end of 2017 and the Company's Rate Adjustment Mechanism ("RAM") Revenue Adjustment for calendar year 2018. The RAM Revenue Adjustment reflects the effects of the Tax Cuts and Jobs Act that was signed into law on December 22, 2017. The Company also proposes to revise its Rate Adjustment Mechanism

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<sup>1</sup> See Exhibit E of Hawai'i Electric Light's Interim Increase Tariff Sheets from Interim Decision and Order No. 34766 in Docket No. 2015-0170 filed on August 23, 2017, which was approved by the Commission in Order No. 34772 on August 29, 2017 and went into effect on August 31, 2017.

Provision tariff to conform certain language on the RAM Revenue Adjustment Cap to be consistent with other aspects of the RAM mechanism, as explained herein.

## II

Hawai‘i Electric Light, whose executive office is located at 1200 Kilauea Avenue, Hilo, Hawai‘i, is a corporation duly organized under laws of the Republic of Hawai‘i on or about December 5, 1894, and now exists under and by virtue of the laws of the State of Hawai‘i. Hawai‘i Electric Light is an operating public utility engaged in the production, purchase, transmission, distribution and sale of electricity on the island of Hawai‘i.

## III

Correspondence and communications in regard to this Transmittal No. 18-02 are to be addressed to:

Dean K. Matsuura  
Manager, Regulatory Rate Proceedings  
Hawaiian Electric Company, Inc.  
P. O. Box 2750  
Honolulu, Hawai‘i 96840

## IV

Hawai‘i Electric Light seeks Commission authorization of this tariff transmittal pursuant to Sections 6-61-111, 6-61-74, 6-61-75, and 6-61-86 of the *Rules of Practice and Procedure before the Public Utilities Commission*, Hawai‘i Administrative Rules (“HAR”), Title 6, Chapter 61. The proposed tariff revisions are in accordance with the Final Decision and Order in Docket No. 2008-0274, Order No. 32735 in Docket No. 2013-0141 and other orders as explained herein.

## V

Pursuant to HAR §6-61-76, Hawai‘i Electric Light incorporates by reference its latest available balance sheet and income statement for the twelve months ending February 28, 2018 filed with the Commission on March 29, 2018.

## VI

On August 31, 2010, the Commission issued its *Final Decision and Order* in Docket No. 2008-0274, approving the decoupling mechanism for the Hawaiian Electric Companies.<sup>2</sup> Beginning in 2012, Hawai‘i Electric Light filed tariff transmittals to annually establish an RBA Rate Adjustment, which the Commission subsequently approved.<sup>3</sup>

On February 7, 2014, the Commission issued Decision and Order No. 31908 on the Schedule A issues in Docket No. 2013-0141, which directed the modification of certain provisions of the decoupling mechanisms. These modifications included the following: 1) effective March 1, 2014, the Companies shall use the short term debt rate, as established in deriving the consolidated cost of capital in each of the Companies’ last full rate case, to compute interest on the outstanding RBA balance, and 2) the rate base RAM return on investment adjustment (“Rate Base RAM Adjustment”) shall be equal to the prior RAM period’s rate base RAM return on investment calculation plus 90 percent of the amount that the current RAM

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<sup>2</sup> The “Hawaiian Electric Companies” or “Companies” are Hawaiian Electric Company Inc. (“Hawaiian Electric”), Hawai‘i Electric Light, and Maui Electric Company, Limited (“Maui Electric”).

<sup>3</sup> Refer to Transmittal Nos. 12-03, 13-02, 14-04, 15-04, 16-02, and 17-03 filed April 11, 2012, March 28, 2013, March 31, 2014, March 31, 2015, March 31, 2016, and March 31, 2017 respectively, and approved in *Order No. 30435 Approving HELCO’s Tariff Transmittal Filed on April 11, 2012, as Revised on April 18, 2012*, *Order No. 31287 Consolidating Proceedings and Approving Multiple Tariff Transmittals*, *Order No. 32112 Consolidating Proceedings and Approving Tariff Transmittals*, *Order No. 32883 Consolidating Proceedings and Approving Amended Tariff Transmittals*, as revised on June 3, 2015, *Order No. 33724 Consolidating Proceedings, Providing Clarifications, and Approving Tariff Transmittals As Amended*, and *Order No. 34581 Providing Clarifications and Approving Tariff Transmittals as Amended* respectively. For information on past years’ filings as well as additional background information on decoupling, refer to the transmittals cited here.

period's rate base RAM return on investment calculation exceeds the prior RAM period's rate base RAM return on investment calculation.<sup>4</sup>

In Decision and Order No. 31908 in Docket No. 2013-0141, the Commission also ordered the Companies to investigate the possibility that they may be able to defer payment of income taxes on the accrued amounts of decoupling revenue and make recommendations as to deferred tax treatment. On May 6, 2014, the Companies notified the Commission that they received approval from the Internal Revenue Service ("IRS") effective January 1, 2014 to change their accounting method from a book method of RBA revenue recognition to a recognition method based on when rates are adjusted for the RBA, and on May 19, 2014, provided information on how they will implement the change to reduce the amount of interest to be accrued.

On March 31, 2015, the Commission issued Order No. 32735 in Docket No. 2013-0141, which directed the Companies to make certain modifications to their decoupling mechanisms to be applied beginning with the Companies' 2015 decoupling filings. Among other things, the Commission ordered the following:

- 1) The RBA shall be retained;
- 2) The RAM mechanism shall be modified to include a cap that shall be applied to the total annual RAM Revenue Adjustment. The cap shall limit the automatic component of RAM adjustment increases to an amount equal to or lower than the Gross Domestic Product Price Index ("GDPPI");
- 3) The 90% adjustment shall be removed in favor of the GDPPI cap;

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<sup>4</sup> If the prior RAM period is a rate case test year, then the Rate Base RAM Adjustment shall be equal to 90 percent of the current RAM period's rate base RAM return on investment calculation.

- 4) The Commission will allow the Companies to apply for approval by the Commission, on a case by case basis, to recover revenues outside of and in addition to the capped RAM revenues.<sup>5</sup> The Companies and the Consumer Advocate shall develop criteria for the Commission's review for recovery of these costs (which may include consolidated or “programmatic” baseline expenditures) through the RAM or the Renewable Energy Infrastructure Program (“REIP”) surcharge;<sup>6</sup> and
- 5) The changes in items 1 through 4 above shall be made effective on an interim basis pending commission resolution of the proceedings concerning the Companies’ Power Supply Improvement Plans in Docket No. 2014-0183.<sup>7</sup>

Among the modifications to the RAM, the Commission amended the RAM Revenue Adjustment to be the lesser of (a) the RAM Revenue Adjustment determined according to tariffs and procedures “existing” at the time of issuance of Order No. 32735 (“Original RAM Methodology”) or (b) a RAM Revenue Adjustment Cap (“RAM Cap”). The RAM Cap shall be based on the target revenues<sup>8</sup> determined in accordance with the RBA and RAM tariffs times the cumulative annually compounded increase(s) in GDPPI for intervening years, adjusted to include

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<sup>5</sup> The Commission remained “mindful of cautions expressed by the parties regarding the possible consequence of implementing caps or limits on RAM revenue recovery” and recognized the Companies’ “need to finance necessary capital investments[,]” while sharing concerns expressed by the Companies that increasing the revenue requirement by inflation alone is unlikely to provide the Companies with sufficient revenue to invest as needed to meet Hawai‘i’s goals while also providing the Companies a fair opportunity to earn their cost of capital. Order No. 32735 at 85-87.

<sup>6</sup> On June 15, 2015, in Docket No. 2013-0141, 1) the Companies filed their proposed Hawaiian Electric Companies Standards and Guidelines for Eligibility of Projects for Cost Recovery through the RAM above the RAM Cap, and 2) the Companies and the Consumer Advocate filed their Joint Proposed Modified REIP Framework/Standards and Guidelines.

<sup>7</sup> Order No. 32735 at 5-7.

<sup>8</sup> Order No. 32735 at 95-96.

applicable revenue taxes.<sup>9</sup> The RAM Cap will apply to the entire RAM Revenue Adjustment including the Operations and Maintenance (“O&M”) RAM, Rate Base RAM (including major capital and baseline projects), and the Depreciation and Amortization RAM.<sup>10</sup>

## VII

By this Transmittal, Hawai‘i Electric Light proposes to revise its decoupling RBA Rate Adjustment from the current rate of \$0.006313 per kWh to the new rate of \$0.010218 per kWh, effective June 1, 2018 through May 31, 2019.

The Company calculated its RBA Rate Adjustment according to its RBA and RAM tariff provisions<sup>11</sup> and the provisions of Order Nos. 32735 and 32866.<sup>12</sup> The 2018 RBA Rate Adjustment includes the recovery of the RBA balance at year end 2017 and the calculated RAM revenue adjustment for calendar year 2018. Approximately 37% of the RBA Rate Adjustment includes the recovery of the RBA balance at year end 2017, while 63% corresponds to the 2018 RAM Revenue Adjustment. There are no adjustments to the RBA Rate Adjustment for earnings sharing revenue credits or for Commission-ordered major capital project credits or baseline capital project credits. (Refer to Schedule A of Attachment 2 described in Section VIII of this tariff transmittal.) Based on the revised rate, a monthly bill for a Hawai‘i Electric Light residential customer using 500 kWh of electricity would increase by \$1.95.<sup>13</sup>

The 2018 RBA Rate Adjustment will replace the 2017 RBA Rate Adjustment in the Company’s Revenue Balancing Account Provision tariff and, as more fully discussed below,

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<sup>9</sup> Order No. 32735 at 94.

<sup>10</sup> Order No. 32735 at 96.

<sup>11</sup> Refer to Tariff Revised Sheet Nos. 89, 89A – 89H, 91 and 91A – 91D.

<sup>12</sup> See Order No. 32866 in Transmittal Nos. 15-03, 15-04, and 15-05 (consolidated).

<sup>13</sup> The monthly bill impact for a household using 500 kWh with the revised rate would be \$5.11 as compared to \$3.16, based on the current rate as shown in Exhibit E of Hawai‘i Electric Light’s Interim Increase Tariff Sheets from Interim Decision and Order No. 34766 filed on August 23, 2017, which was approved by the Commission in Order No. 34772 on August 29, 2017 and went into effect on August 31, 2017.

reflects the RBA balance as of the end of 2017, and the RAM Revenue Adjustment subject to the RAM Cap. The following sections explain the amounts that make up the 2018 RBA Revenue Adjustment.

## 1. RBA Balance

The RBA revenue balance results from the sales decoupling component of the Commission-approved decoupling mechanism which breaks the linkage between the Company's sales and total electric revenue.<sup>14</sup> The approved RBA tariff allows Hawai'i Electric Light to record revenues only at target revenue levels (i.e., those authorized in the 2016 test year rate case plus the effective RAM Revenue Adjustments, less any applicable earnings sharing and/or major or baseline capital project credits), independent of the level of sales experienced. The approved RBA tariff also requires interest to be recorded monthly to the RBA at the interest rate specified in accordance with Order No. 32001, dated March 28, 2014, in Docket No. 2013-0141. As a result, effective March 1, 2014, the annual rate used to calculate interest on the RBA balance changed from 6% to 3.25%, which is the short term debt rate as established in computing the consolidated cost of capital in the Company's last full rate case. Additionally, based on Decision and Order No. 31908 in Docket No. 2013-0141 and pursuant to IRS approval to change the tax treatment of its RBA revenues, effective January 1, 2014, the Company changed its basis for computing interest from a gross to a net-of-deferred income tax RBA balance.

The cumulative RBA balance at the end of 2017 was \$3.6 million, and consisted of revenues recorded in the RBA as a result of decoupling, net of the amounts previously recovered through the RBA Rate Adjustment. This is a modest increase of \$0.6 million from the RBA balance at the end of 2016 of \$3.0 million, and was the result of Hawai'i Electric Light

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<sup>14</sup> Decision and Order No. 30168, issued February 8, 2012 in Docket No. 2009-0164, page 97.

recovering \$4.1 million of the RBA balance through the RBA Rate Adjustment and recording \$4.7 million in revenues,<sup>15</sup> adjustments, and interest for 2017. Therefore, the 2017 year-end balance of \$3.6 million represents the unrecovered cumulative RBA balance and additional amounts due to a shortfall in revenues<sup>16</sup>. Because the revenues associated with the RBA balance have already been recorded, they have already been reflected in the Company's net income and will not contribute to the Company's earnings in 2018. The 2017 year-end RBA balance of \$3.6 million is grossed-up to \$4.0 million to include revenue taxes.

Hawai'i Electric Light's 2017 recorded sales totaled 1,046.9 gigawatt-hours ("GWh"), which was 6.2 GWh, or 0.6% higher than the 1,040.7 GWh 2016 test year amount (based on the March 2016 forecast update) adopted in the Hawai'i Electric Light 2016 test year rate case.

The higher than forecasted sales in 2017 include sales gains in the residential sector which was 28.1 Gwh or 7.7% above the 2016 test year levels. (see Table 1 below). This resulted from an increased number of customers combined with a higher monthly average use per customer. The higher average use from the test year estimates was due in part to the warmer than average weather assumed in the forecast. The higher residential sales were offset by lower sales in the commercial sector in 2017, with a shortfall of 21.9 GWh or 3.2%.

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<sup>15</sup> This represents the difference between target revenues and recorded adjusted revenues, plus any adjustments for 2017.

<sup>16</sup> That is, "recorded adjusted revenue" as defined in the RBA Tariff.



Table 1  
Comparison of 2017 Actuals to TY2016

	TY2016	2016 Actuals	2017 Actuals	Difference 2017 & TY2016	% Diff
<u>Residential Sector</u>					
Sales (GWh)	363.9	386.0	392.0	28.1	7.7%
Customers	71,533	71,518	72,494	961	1.3%
Average Monthly Use (kWh/Customer)	424	450	451	27	6.4%
Renewable Generation GWh Impacts (NEM/SIA/CGS/CSS) <sup>1</sup>	74.9	75.0	82.7	7.8	10.5%
Energy Efficiency Impacts (GWh) <sup>2</sup>	68.6	69.3	75.8	7.2	10.5%
Electricity Price (Nominal) ¢/kWh <sup>3</sup>	30.3	31.5	34.2	3.9	12.9%
<u>Commercial Sector</u>					
Sales (GWh)	676.8	681.4	654.9	(21.9)	-3.2%
Customers	13,166	13,090	12,896	(270)	-2.1%
Renewable Generation GWh Impacts (NEM/SIA/CGS/CSS) <sup>1</sup>	38.7	35.6	43.3	4.6	11.9%
Energy Efficiency Impacts (GWh) <sup>2</sup>	52.8	55.6	65.6	12.7	24.1%
Electricity Price (Nominal) ¢/kWh <sup>3</sup>	26.8	27.6	30.2	3.5	12.9%
Total Sales (GWh)	1,040.7	1,067.4	1,046.9	6.2	0.6%
% Difference		2.6%	-1.9%		
<u>Weather <sup>4</sup></u>					
Cooling Degree Days <sup>5</sup> Hilo	3,412	3,991	3,529		
Cooling Degree Days <sup>5</sup> Kona	4,814	5,272	4,922		
Average Dew Point Temperatures Hilo (degrees)		67.0	66.3		
Average Dew Point Temperatures Kona (degrees)		67.7	65.4		

<sup>1</sup> Cumulative impacts are from systems installed under the NEM, SIA, CGS and CSS Tariffs.

<sup>2</sup> TY2016 estimates are based on short-term projections received in 2016 from Hawaii Energy and EnerNOC Utility Solution's 2013 potential study.

Actuals include impacts provided by Hawaii Energy. Data subject to change.

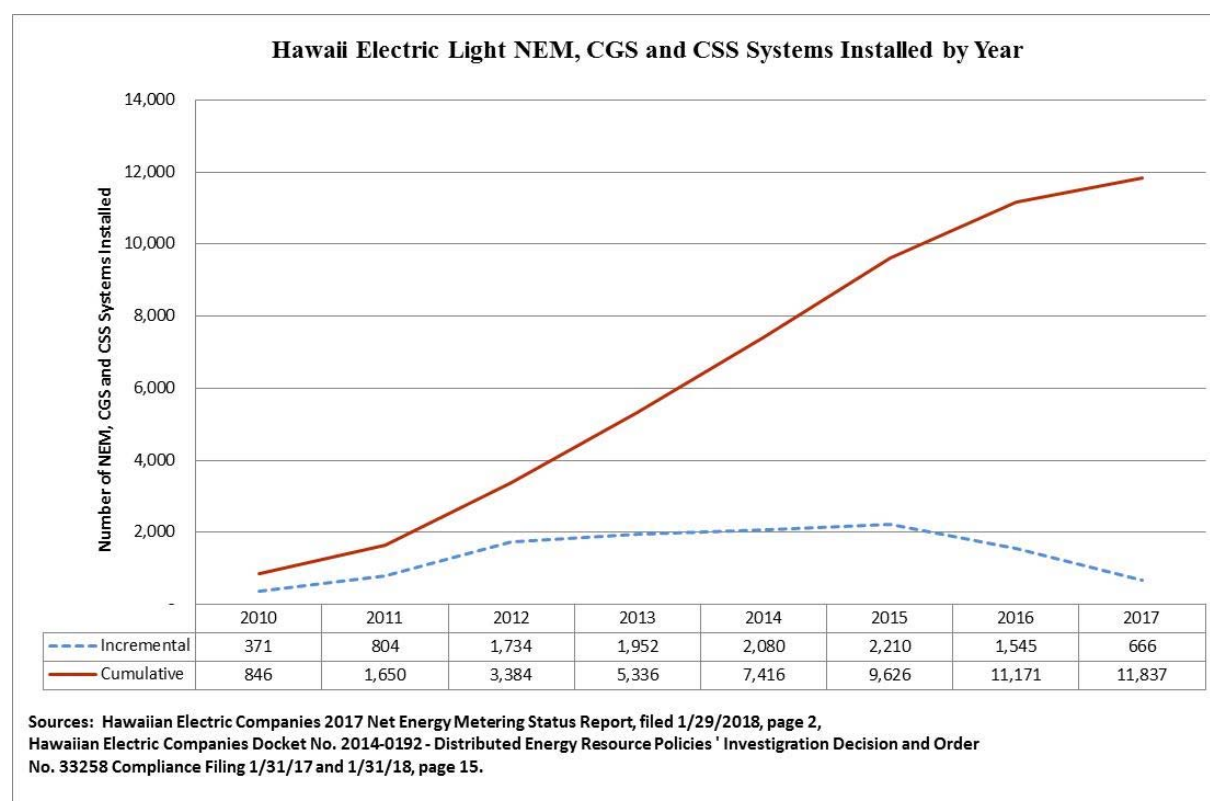
<sup>3</sup> Actual average annual electricity price excluding Schedule F. TY2016 reflects February 2016 YTD electricity prices.

<sup>4</sup> TY2016 Cooling Degree Days reflect 30-year averages (1985-2014).

<sup>5</sup> A cooling degree day is a measurement designed to reflect the demand for energy to cool a home or business. It is calculated by subtracting 65 from the day's average temperature.

Both residential and commercial sales were impacted by higher penetrations of customer-sited renewable generation systems installed under Net Energy Metering (“NEM”), Standard Interconnection Agreements (“SIA”), Customer Grid-Supply (“CGS”) and Customer Self-Supply (“CSS”). The cumulative 2017 impacts of systems installed under NEM, SIA, CGS, and CSS were higher than the 2016 test year assumed impacts by 10.5% for the residential sector and 11.9% for the commercial sector. As shown in the 2017 Net Energy Metering Status Report filed January 29, 2018, page 2 and the Distributed Energy Resources Quarterly Compliance Filing in Docket No. 2014-0192, page 15, the cumulative number of NEM, CGS and CSS

installed systems on Hawai‘i Electric Light’s grid jumped from 846 in 2010 to 11,837 in 2017, a 1,299% increase over seven years, with a 23.0% increase from 2015 to 2017 alone. Refer to the graph below for the number of NEM, CGS and CSS systems installed by year.



Also, the estimated impact to sales from the installation of energy efficient technologies was greater than the 2016 test year rate case forecast. Impacts consistent with Hawai‘i Energy’s short-term projections for Public Benefit Fund Administrator’s energy efficiency programs and codes and standards impacts from EnerNOC Utility Solutions’ State of Hawai‘i Energy Efficiency Potential Study, were used to develop the 2016 test year rate case forecast.

In summary, slightly higher sales in 2017 relative to forecast created an increase in electric sales revenue and the recovery of the Company’s fixed costs for the provision of electric service to its customers.

## 2. RAM Revenue Adjustment

Order No. 32735 states that the RAM Revenue Adjustment will be the lesser of (a) the RAM Revenue Adjustment calculated according to the existing tariffs and procedures at the time of the issuance of the order (“Original RAM Methodology”) or (b) a RAM Cap. For the 2018 decoupling annual filing, the Company calculated the RAM Revenue Adjustment to be higher using the Original RAM Methodology, thereby triggering the use of the RAM Cap for the 2018 RAM Revenue Adjustment. See Schedule A1 and the summary table below.

	<u>RAM Cap<sup>17</sup></u>	<u>Original RAM Methodology<sup>18</sup></u>
2018 RAM Revenue Adjustment <sup>19</sup>	\$6.6 million	\$6.7 million

The sections below further explain the calculations of both RAM Revenue Adjustment methodologies.

### 2.1. RAM Revenue Adjustment Cap

Order No. 32735 at 96, explains that following the issuance of a final decision and order in a rate case, the basis for the calculation of the RAM Cap shall be the target revenues determined in accordance with the RBA tariff based on the results of the Company’s most recent final rate case decision. However, in the Hawai’i Electric Light 2016 test year rate case (Docket No. 2015-0170), the Consumer Advocate stated in its Statement of Position<sup>20</sup>, at page 11:

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<sup>17</sup> 2018 RAM Cap is calculated as \$6,637,843. See Schedule A1.

<sup>18</sup> 2018 RAM Under Existing Tariffs \$6,699,547 calculated as: O&M RAM (\$2,382,553) plus Rate Base RAM-Return on Investment (\$1,230,844) + Depreciation and Amortization Expense (\$3,086,149). See Schedule A1.

<sup>19</sup> In Hawaii Electric Light’s 2016 test year rate case (Docket No. 2015-0170), the Company included Customer Information System (“CIS”) deferred project costs as Unamortized System Development Costs. Therefore, CIS costs as Exceptional & Other Matters are not applicable for the Company’s 2018 decoupling filing as these costs are reflected in interim rates for the 2016 test year rate case. In addition, the Company is proposing to remove a provision in the RAM tariff on sheet 89H and 89I, as shown in Attachment 1, which explains how CIS costs are recovered through the Rate Base RAM calculation. This tariff change would not impact any of the previous years’ decoupling filings.

<sup>20</sup> *Division of Consumer Advocacy’s Statement of Position Pursuant to Order No. 34581*, filed on June 23, 2017, in Docket No. 2015-0170.

The Consumer Advocate understands Order No. 32735 to require the RAM Cap be reset whenever base rates are changed within "the next general rate case" of the HECO Companies. It is therefore necessary to reset the RAM Cap upon completion of a base rate case because a new target revenue requirement is established when interim base rates are effective and the new target revenues are intended to replace the cumulative RAM amounts being recovered to supplement previously authorized base rates.

The Hawaiian Electric Companies, in their Reply Statement of Position<sup>21</sup> at page 9, agree with the Consumer Advocate that upon the issuance of an **interim** or final decision and order in the Hawai'i Electric Light 2016 rate case, all future applications of the RAM Cap to Hawai'i Electric Light should start with the 2016 approved test year amounts, and that the RAM Cap reset should occur at the annual decoupling filing after the issuance of an interim or final decision and order in a rate case<sup>22</sup>. The Companies further state that the trigger for a RAM Cap reset at the next decoupling filing should be an interim or final decision and order because RAM base O&M and rate base amounts and the return on investment are reset according to the last issued "decision and order" in the Company's most recent test year general rate case. The last issued "decision and order" in a rate case could be either an interim or final decision and order. Further, the Final Decision and Order in Docket No. 2008-0274 stated the following: "As noted previously, the RBA target revenue will be the most recent Authorized Base Revenue approved by the commission in an interim or final decision and order in a rate case..." and "In addition, the Amended Joint Proposal requires the HECO Companies to revise their RBA Rate

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<sup>21</sup> *Hawaiian Electric Companies Reply Statement of Position on the Transition of the RAM Revenue Adjustment upon Implementation of a Rate Increase in the Hawai'i Electric Light 2016 Test Year Rate Case*, filed on July 7, 2017, in Docket No. 2015-0170.

<sup>22</sup> Rate Adjustment Mechanism Provision tariff, Revised Sheet Nos. 89A (effective June 1, 2013), 89B, 89E, 89F (effective June 8, 2015).

Adjustment when necessary during the year to reset target revenues based on the commission's issuance of subsequent interim or final decision and orders in pending rate cases.”<sup>23</sup>

Since target revenues, the RBA Rate Adjustment and elements of the RAM will be reset upon the issuance of an interim or final decision and order in a rate case, the RAM Cap, which is calculated based on target revenues, should also be reset at the same time.

Therefore, for the 2018 decoupling annual filing, the Company requests that the 2018 RAM Cap be based on 2016 target revenues established as a result of Interim Decision and Order No. 34766<sup>24</sup> in Hawai'i Electric Light's 2016 test year rate case.<sup>25</sup> As a result, the Company is proposing to revise Sheet No. 89F, in its Rate Adjustment Mechanism Provision tariff, as shown in Attachment 1, to formally allow the determination of RAM Cap target revenues to be based on the results of the Company's most recent interim or final rate case decision. In addition, the Company is proposing to delete a provision in the RAM tariff that describes an exception to the calculation of the RAM Cap. This provision describes how the 2015 RAM Cap and each subsequent year's RAM Cap would be calculated until the issuance of a decision and order in the next rate case. Because the Company is proposing to use the results of Interim D&O 34766 as the basis for the 2018 RAM Cap calculation, this RAM Cap calculation exception provision is no longer relevant and can be deleted on tariff Sheet No. 89G, as shown in Attachment 1. These tariff changes would not impact any of the previous years' decoupling filings.

In calculating the 2018 RAM Cap, the basis, as shown in Schedule J in Attachment 2, is the most recent Order (Interim D&O 34766) Target Annual Revenues of \$146.0 million (See

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<sup>23</sup> Final Decision and Order, issued August 31, 2010, Docket No. 2008-0274, pages 32, 35.

<sup>24</sup> Interim Decision and Order No. 34766, filed August 21, 2017 ("Interim D&O 34766") in Docket No. 2015-0170.

<sup>25</sup> On August 29, 2017, the Commission approved the Company's revised schedules of operations and proposed tariff sheets filed by the Company on August 23, 2017. The proposed tariff sheets went into effect on August 31, 2017.

Schedule B1 in Attachment 2). This amount is then multiplied by the 2017 GDPPI of 2.0% to calculate the 2017 RAM Cap Revenue Adjustment of \$2.9 million. The \$2.9 million is then added to the most recent Target Annual Revenues of \$146.0 million to calculate 2017 Target Annual Revenues of \$148.9 million.

The 2017 Target Annual Revenues is then multiplied by the 2018 GDPPI of 2.10% to calculate the 2018 RAM Cap increase of \$3.1 million. The 2018 RAM Cap increase is then added to the 2017 RAM Cap Revenue Adjustment to total a 2018 RAM Cap (excluding Exceptional and Other Matters) of \$6.0 million. The \$6.0 million is adjusted for a revenue tax factor of 1.0975 to calculate a final 2018 RAM Cap of \$6.6 million.

## 2.2. RAM Revenue Adjustment- Original RAM Methodology

The RAM Revenue Adjustment determined under the Original RAM Methodology totaled \$6.7 million. Hawai'i Electric Light's interim decision and order in the 2016 test year rate case (Interim D&O 34766) is the basis for its 2018 Original RAM Methodology calculation. Below is a description of the three components: 1) O&M RAM, 2) Rate Base RAM, and 3) Depreciation and Amortization RAM Expense. Because the total of the three components is higher than the 2018 RAM Cap shown above, the RAM Cap is applied for the 2018 RAM Revenue Adjustment.

### 2.2.1. O&M RAM Adjustment

The O&M RAM calculations reflect such increases in utility bargaining unit labor and non-labor costs. The 2018 O&M RAM adjustment of \$2.4 million includes the 2018 bargaining unit wage increases as provided for in the current Collective Bargaining Agreement<sup>26</sup> with labor

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<sup>26</sup> The current Collective Bargaining Agreement was ratified by the IBEW, Local 1260, on November 1, 2012 and reflects a 3.00% increase effective January 1, 2014, January 1, 2015, January 1, 2017, and January 1, 2018 and a 3.25% increase effective January 1, 2016, based on January 1, 2013 wage rates.

productivity offsets, plus applicable payroll taxes, and the GDPPI to escalate certain non-labor base expenses. (Refer to Attachment 2, Schedule C of this tariff transmittal.) Non-bargaining unit labor is not subject to escalation in the O&M RAM adjustment. Further, the non-labor cost escalation rate does not apply to any fuel, purchased power, Integrated Resource Planning (“IRP”)/DSM, pension, Other Post-Employment Benefits (“OPEB”), Clean Energy/Renewable Energy Infrastructure or any costs that are subject to recovery through separate rate tracking mechanisms. The 2018 O&M RAM adjustment amount covers two years of inflation and wage increases since the 2016 test year.

#### 2.2.2. Rate Base RAM

The rate base RAM adjustment calculation of approximately \$1.2 million is the result of the Company’s investments in plant to support reliability of the Company’s electrical infrastructure and preventively replace aging plant.<sup>27</sup> Based on the approved 2016 test year rate base for December 31, 2016, the Company updated the components of plant in service, accumulated deferred income taxes (“ADIT”), accumulated depreciation, and CIAC for 2016 test year balances. The 2018 rate base RAM incorporates 2018 baseline plant additions (based on an historical five-year average) totaling \$51.2 million.

#### 2.2.3. Depreciation and Amortization RAM

The Depreciation and Amortization calculated RAM adjustment of approximately \$3.1 million reflects a corresponding increase to depreciation and amortization expense above amounts in current revenue due to the net plant additions in 2017.

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<sup>27</sup> *Exemption From and Modification of General Order No. 7, Paragraph 2.3(g), Relating to Capital Improvements, Capital Projects Completed in 2017*, in Docket No. 03-0257, dated March 27, 2018.

### 3. Tax Impacts Arising from the Tax Reform Act

On December 22, 2017, President Trump signed into law H.R. 1, originally known as the Tax Cuts and Jobs Act, as passed by Congress (“Tax Act” or “Tax Reform Act”). This Tax Act is the first comprehensive change in the law since the 1986 Tax Reform Act and will impact all U.S. taxpayers. As discussed in greater detail in Hawaiian Electric’s January 31, 2018 filing in Docket No. 2016-0328 (Hawaiian Electric’s 2017 rate case), the Tax Reform Act makes several major changes relevant to the Company. First and foremost, it lowers the corporate income tax rate from 35% to 21%, for years beginning after December 31, 2017. The reduction in tax rate is of primary importance, as it will decrease the Company’s income tax expense starting in 2018, and, accordingly, reduces the operating expenses included in revenue requirement. In addition to the lowering of the corporate income tax rate, other provisions from the Tax Act include, but are not limited to: (1) limiting bonus depreciation, (2) making CIAC received from any governmental entities taxable, and (3) repealing the domestic production activities deduction after 2017. The reduction in the corporate tax rate creates excess ADIT and necessitates a reclassification of this excess to a regulatory liability, which the Company will amortize to pass back to customers the excess ADIT through prospective rates.

In Hawaiian Electric’s 2017 test year rate case, on March 5, 2018, Hawaiian Electric and the Consumer Advocate (“Parties”) filed a stipulated settlement with respect to the Amended Statement of Issues as set forth in Order No. 35291 filed February 21, 2018 (“March 5th Settlement”). Among other things, the Parties agreed that the 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



agreed that these methods should be applied to Hawai'i Electric Light and these revised revenue requirements incorporating the Tax Act impacts will be the base for the annual decoupling filings.<sup>28</sup>

On March 27, 2018, Hawai'i Electric Light filed a motion requesting that the Commission adjust the interim increase for the 2016 test year granted in Interim D&O 34766 to incorporate a net reduction of \$9,529,000 to the interim revenue increase for Hawai'i Electric Light's 2016 test year rate case. The adjustment to the interim revenue increase is due to the impact of the Tax Act and Hawai'i Electric Light respectfully requested that the Commission approve the tariff sheets by April 24, 2018, with an effective date of May 1, 2018. For the purposes of this transmittal, the Company calculated its RAM Revenue Adjustment amount under the scenario that its March 27, 2018 tariffs will be approved by April 24, 2018. The Original RAM Methodology and RAM Cap Methodology calculations that are shown in Attachment 2 of this transmittal incorporate these Tax Act provisions and benefits described in the March 5th Settlement and include the following:

- Schedule D – Income tax factor reflects the lower federal corporate income tax rate
- Schedule D1 – Includes the excess ADIT regulatory liability and the reduction during the RAM period due to the amortization of this regulatory liability
- Schedule D4 – Recorded ADIT reflects the loss of bonus depreciation effective September 27, 2017
- Schedule D5 – Regulatory liability for excess ADIT and amortization of excess ADIT regulatory liability incorporated into Schedule D1

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<sup>28</sup> See Parties' Stipulated Settlement on Remaining Issues, Exhibit 1, page 22.

- Schedule E – Includes the excess ADIT regulatory liability amortization
- Schedule F – Incorporates the new federal tax rates in calculating the change in ADIT for RAM year tax depreciation and the amortization of the regulatory liability related to excess ADIT
- Schedule F1 – Reflects the loss of bonus depreciation

#### 4. RBA Revenue Adjustment

In total, Hawai‘i Electric Light’s 2018 RBA Revenue Adjustment is \$10.6 million, consisting of \$4.0 million for the RBA balance for year-end 2017 and \$6.6 million in RAM revenue adjustment for 2018.

### VIII

#### List of Attachments and Schedules

In Attachment 1 of this tariff transmittal, Hawai‘i Electric Light submits its proposed revisions to its Revenue Balancing Account Provision tariff, including the proposed RBA Rate Adjustment rate in Section E of Revised Sheet No. 91C, and its proposed revisions to the Rate Adjustment Mechanism Provision tariff, including the revision to Sheet No. 89C discussed on pages 15-16. Attachment 1A provides the tariff sheets for the RBA and RAM Provision tariffs in blackline version.

Attachment 2 provides the calculation of the RBA Rate Adjustment in the following schedules, along with supporting workpapers:

Schedule A – Determination of 2018 RBA Rate Adjustment (Summary)

Schedule A1 – Determination of Total RAM Revenue Adjustment Allowed

Schedule B – Summary of Accumulated Revenue Balancing Account

Schedule B1 – Determination of Target Revenues

Schedule B2 – Determination of Recorded Adjusted Revenues

Schedule C – Determination of O&M RAM Adjustment

Schedule C1 – Summary of Operations and Maintenance Labor and Non-Labor Expense

Schedule C2 – Non-Labor Exclusion Adjustment for O&M RAM

Schedule D – Determination of Rate Base RAM Adjustment – Return on Investment

Schedule D1 – Determination of Rate Base RAM Adjustment – Change in Rate Base

Schedule D2 – Determination of Baseline Capital Projects Additions

Schedule D3 – Determination of Major Capital Project Additions

Schedule D4 – Determination of Adjusted Recorded Deferred Income Taxes

Schedule D5 – Determination of Adjusted Recorded Excess ADIT Regulatory  
Liability

Schedule E – Determination of Depreciation and Amortization RAM Adjustment

Schedule F – Determination of Change in Deferred Income Taxes

Schedule F1 – Determination of Tax Depreciation

Schedule F2 – Tax Depreciation on Major Capital Projects Additions

Schedule G – CIAC Summary

Schedule G1 – Baseline Capital Project CIAC Additions

Schedule G2 – Major Capital Project CIAC Additions

Schedule G3 – CIAC Amortization

Schedule H – Earnings Sharing Calculations<sup>29</sup>

Schedule I – PUC-Ordered Adjustments

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<sup>29</sup> The Company has provided its calculated ratemaking return on equity for year 2017 in Schedule H of this tariff transmittal as required by the Commission in its *Final Decision and Order* in the decoupling proceeding (Docket No. 2008-0274) on August 31, 2010.

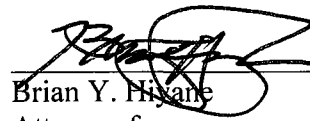
Schedule J – Determination of RAM Cap

Schedule K – Exceptional & Other Matters

The Hawaiian Electric Companies and the Consumer Advocate jointly developed the format of the schedules in Attachment 2, which the Companies have used for their annual RBA Rate Adjustment submissions since 2012.

WHEREFORE, Hawai'i Electric Light, consistent with the advance notice required by law, hereby respectfully requests that its proposed revisions to the Revenue Balancing Account Provision and Rate Adjustment Mechanism Provision tariffs be allowed to become effective on June 1, 2018.

DATED: Honolulu, Hawai'i, March 29, 2018.

  
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Brian Y. Hiyane  
Attorney for  
HAWAI'I ELECTRIC LIGHT COMPANY,  
INC.

# ATTACHMENT 1

RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Effective Date</u>	<u>Character of Service</u>
89F	"RAM"	June 1, 2018	Rate Adjustment Mechanism Provision
89G	"RAM"	June 1, 2018	Rate Adjustment Mechanism Provision
89H	"RAM"	June 1, 2018	Rate Adjustment Mechanism Provision
89I	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
90	"PPAC"	April 1, 2018	Purchased Power Adjustment Clause
90A	"PPAC"	April 1, 2018	Purchased Power Adjustment Clause
90B	"PPAC"	April 9, 2012	Purchased Power Adjustment Clause
91	"RBA"	January 1, 2018	Revenue Balancing Account Provision
91A	"RBA"	January 1, 2018	Revenue Balancing Account Provision
91B	"RBA"	August 31, 2017	Revenue Balancing Account Provision
91C	"RBA"	January 1, 2018	Revenue Balancing Account Provision
91D	"RBA"	June 1, 2018	Revenue Balancing Account Provision
92	"TOU-RI"	November 21, 2016	Residential Interim Time-of-Use Service
92A	"TOU-RI"	November 21, 2016	Residential Interim Time-of-Use Service
92B	"TOU-RI"	November 21, 2016	Residential Interim Time-of-Use Service
92C	"TOU-RI"	November 21, 2016	Residential Interim Time-of-Use Service
93	'EV-F"	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
93A	'EV-F"	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
93B	'EV-F"	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
94	'EV-U"	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
94A	'EV-U"	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot

HAWAII ELECTRIC LIGHT COMPANY, INC.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION

Supplement To:

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

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

A: PURPOSE:

The purpose of the Revenue Balancing Account ("RBA") is to record: 1) the difference between the Hawaii Electric Light Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Hawaii Electric Light Company's 2010 test year rate case, Docket No. 2009-0164, consistent with the Final Decision and Order in the Decoupling case, Docket No. 2008-0274.

HAWAII ELECTRIC LIGHT COMPANY, INC.

Decision and Order No. 35165; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.  
Transmittal Letter Dated January 11, 2018.

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

B: TARGET REVENUE:

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

Plus: Any effective RAM Revenue Adjustment calculated under the RAM provision for years subsequent to the most recent rate case test year for which the Commission has issued a Decision & Order; and any Performance Incentive Adjustment provided for in accordance with the Performance Incentive Mechanism Provision; and

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

The target revenue shall be revised to correct for any errors in the calculation of the RAM Revenue Adjustment, Performance Incentive Adjustment, recorded adjusted revenues or other RBA accounting determinations (collectively "target revenue determinations") for any previous period and for revisions to RAM Revenue Adjustments or Performance Incentive Adjustments as a result of subsequent Commission orders that change the basis of previously calculated RAM Revenue Adjustments and/or Performance Incentive Adjustments. For any corrections of errors in previously calculated target revenue determinations, the target revenue shall be adjusted as of the date that the correct determinations would have been reflected in target revenue. For changes in the RAM Revenue Adjustment and/or Performance Incentive Adjustments as a result of subsequently issued Commission orders, the target revenue shall be adjusted as of the effective date of changes that are implemented pursuant to the subsequently issued Commission order.

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Decision and Order No. 35165; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.  
Transmittal Letter Dated January 11, 2018.



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

Monthly Allocation Factors for the Target Revenue are as follows:

January	8.437%
February	7.898%
March	8.410%
April	8.072%
May	8.292%
June	8.081%
July	8.630%
August	8.764%
September	8.213%
October	8.548%
November	8.263%
December	<u>8.392%</u>
Total	100.000%

These factors are based on the MWH sales forecast that is approved by the Commission in Hawaii Electric Light Company's 2016 test year rate case and shall be updated in any subsequent test year rate case.

C: BALANCING ACCOUNT ENTRIES:

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

Interest will be recorded monthly to the RBA by multiplying the simple average of the beginning and ending month balance in the RBA times the Interest Rate divided by 12. The Interest Rate shall be the short term debt rate as established in deriving the consolidated cost of capital in the Company's last full rate case. The Interest Rate prior to March 1, 2014 shall be 6 percent.

HAWAII ELECTRIC LIGHT COMPANY, INC.

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

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

In its annual RBA Review Transmittal, the Company will file with the Commission a statement of the previous calendar year-end balance in the RBA and the RAM Revenue Adjustment for the current calendar year, along with supporting calculations.

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

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

On or before March 31 of each year, the Company shall file with the Commission, the Consumer Advocate, and each party to the Company's most recent rate case proceeding, an RBA Review Transmittal supporting the implementation of the RBA Provision, including RBA reconciliation, implementation of applicable components of the RAM Provision and Performance Incentive Mechanism Provision, determination and adjustments of target revenues, determination of the RBA Rate Adjustment; and documenting any errors, corrections and adjustments to Target Revenues in the preceding calendar year and prior to the transmittal date.

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

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

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

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

RBA Rate Adjustment

All Rate Schedules ..... 1.0218 ¢/kWh

F. NOTICE

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

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

G: COMMISSION'S AUTHORITY

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

RATE ADJUSTMENT MECHANISM PROVISION

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

RATE ADJUSTMENT MECHANISM PROVISION

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

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

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

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

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

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

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION

- m) The Rate Base shall be the average net investment estimated for the RAM Period, including each of the elements of rate base reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed in part (f) of Section 2 of the Rate Adjustment Mechanism.
- n) The RAM Revenue Adjustment to be applied to determine effective Target Revenues will be the lesser of a) the RAM Revenue Adjustment Calculation or b) the RAM Revenue Adjustment Cap.
- o) The RAM Revenue Adjustment Calculation shall be the change in the annual amount of revenue required for the utility to recover the sum of the O&M RAM Adjustment, Depreciation & Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment, using the ratemaking conventions and calculations reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed herein.
- p) The RAM Revenue Adjustment Cap shall be based on the Target Revenues determined in accordance with the RBA and RAM tariffs as provided below.
- q) The RAM Revenue Adjustment determined by this RAM Provision is to be recovered through the RBA Provision commencing on June 1 and over the subsequent 12 months after June 1.
- r) Earnings Sharing Revenue Credits shall be the amounts to be returned to customers as credits through the Revenue Balancing Account ("RBA") Provision, so as to implement the earnings sharing percentages and procedures described herein, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.
- s) Major Capital Projects Credits shall be the amounts to be returned to customers through the Revenue Balancing Account Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific major capital projects that were not placed into service within the first nine months of the preceding RAM Period as expected. Because the Commission's review of the Major Capital Projects' actual costs incurred may not occur until the rate case after the RAM Revenue Adjustment for these Major Capital Projects is collected, Major Capital Projects Credits (including interest) will be returned to customers for the amount of Major Capital Projects costs that the Commission disallows for cost recovery. The Major Capital Projects Credits are to be refunded through the RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

Rate Adjustment Mechanism

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

Evaluation Period Earnings Sharing:

1. For the twelve month period ending December 31, of each year (the "Evaluation Period"), with the filing to be made no later than March 31, of the year following the conclusion of the Evaluation Period. The schedules will include the following:
    - a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's actual depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, and other components of income for return, revenues, and actual capital structure, cost of debt, overall cost of capital, and return on common equity in the format set forth in the final order establishing the Company's latest effective rates.
    - b) All applicable accounting and pro forma adjustments historically required in annual reports filed with the Commission.
    - c) Pro-forma adjustments to remove from recorded revenues any out-of-period Earnings Sharing Revenue Credits or Major
- HAWAII ELECTRIC LIGHT COMPANY, INC.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Capital Projects Credits recorded during the Evaluation Period, and

- d) A calculation comparing the achieved return on average common equity to the following earnings sharing grid, and indicating the Earnings Sharing Revenue Credit that should be recorded within the Revenue Balancing Account to effect the prescribed sharing of earnings above authorized levels:

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

RAM Period RAM Revenue Adjustment Calculation:

- 2) The Company shall provide additional schedules indicating the following proposed RAM Revenue Adjustment Calculation applicable for the RAM Period using the methodology set forth below:
- a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:
- i. The labor component shall be quantified for the RAM Period by application of the Labor Cost Escalation Rate, reduced to account for the Productivity Offset to labor expenses, including payroll taxes. The part of Base Expenses that represents labor costs for merit employees shall not be subject to application of the Labor Cost Escalation rate, nor be reduced by the Productivity Offset.
  - ii. The Non-labor components quantified for the RAM Period by application of the Non-labor Escalation Rate to non-labor Base Expenses. Non-labor components shall exclude fuel, purchased power, pension/OPEBs, IRP/DSM or other rate adjustment provisions.
- b) Depreciation and Amortization RAM Adjustment shall be quantified for the RAM Period by application of Commission-approved accrual rates and methods to the actual recorded

HAWAII ELECTRIC LIGHT COMPANY, INC.



RATE ADJUSTMENT MECHANISM PROVISION (continued)

- Plant in Service balances at the end of the Evaluation Period.
- c) The Rate Base RAM - Return on Investment Adjustment shall be determined by multiplying the applicable Pretax Rate of Return times the change in Rate Base. The Pretax Rate of Return shall include related income taxes on the equity components of the Return on Investment rate approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. The quantification of Rate Base is specified in greater detail in part (f) of this Section 2.
  - d) The revenue impact of any Exogenous Tax Changes shall be included in the RAM Period calculation of the RAM Revenue Adjustment.
  - e) Revenue taxes shall be adjusted to account for the change in parts (a) through (e) of this Section 2.
  - f) Rate Base for the RAM Period shall be quantified as follows:
    - i. Plant in Service, Accumulated Depreciation, Accumulated Deferred Income Taxes and Contributions in Aid of Construction ("CIAC") shall be a two-point average of actual recorded balance sheet data at December 31 of the Evaluation Period, plus projected values at December 31 of the RAM Period determined as prescribed in parts (ii) through (v), below.
    - ii. Plant in Service shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period, the simple average of Baseline Capital Projects plant additions recorded in the immediately preceding five calendar years, plus the estimated cost of completed Major Capital Projects that are anticipated to be in service by September 30 of the RAM Period. The cost of Major Capital Projects shall be limited to the dollar amounts previously approved by the Commission, and shall be included at the level of recorded costs if recorded costs are lower than the budget amounts approved by the Commission, and the Commission has not yet reviewed the project costs in a rate case.
    - iii. Accumulated Depreciation at December 31 of the RAM Period shall be quantified by increasing the recorded balances at December 31 of the Evaluation Period by the amount set forth in Section 2 part (b) above, consistent with rate-making treatment.

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

- iv. CIAC shall be quantified by adding to the recorded balance at December 31 of the Evaluation Period an estimate of the net change for the RAM Period. The net change shall be based on a simple average of cash and in-kind CIAC for the immediately preceding five calendar years for programs (i.e., numerous low cost capital projects) plus specific engineering estimates of any contributions for the Major Capital Projects anticipated to be in service by September 30 of the RAM Period.
- v. Accumulated Deferred Income Taxes shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period the estimated tax effect of the depreciation timing difference (i.e., difference between book depreciation and tax depreciation) on the Baseline Capital Projects and Major Capital Projects added to rate base during the RAM Period.
- vi. Working Cash and all other elements of rate base not specifically addressed above shall be fixed at the dollar amount approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. These elements of rate base shall be held constant until revised by a future Commission Decision & Order in a general rate case.

g.) See also Settlement Agreement section below.

RAM REVENUE ADJUSTMENT CAP

The RAM Basis for the calculation of the RAM Revenue Adjustment Cap shall be the target revenues determined in accordance with the RBA tariff based on the results of the Company's most recent interim or final rate case decision. The RAM Basis shall be adjusted to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically ordered by the Commission, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Revenue Adjustment Cap.

The RAM Revenue Adjustment Cap shall be calculated as the RAM Basis, multiplied by the cumulative annually compounded increase(s) in the GDPPI for the years between the rate case calendar test year that established the RAM Basis and the RAM Period, adjusted to include applicable revenue taxes.

The RAM Revenue Adjustment Cap will apply to the entire RAM Revenue Adjustment, which includes the O&M RAM Adjustment, Depreciation and Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment.

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated March 29, 2018.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Evaluation Procedures

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated March 29, 2018.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

Notice

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

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

RATE ADJUSTMENT MECHANISM PROVISION (continued)

COMMISSION'S AUTHORITY

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

# ATTACHMENT 1A

Superseding Sheet No. 50D  
Effective April 1, 2018

REVISED SHEET No. 50D  
Effective June 1, 2018

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RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Effective Date</u>	<u>Character of Service</u>
89F	"RAM"	<u>June 1, 2018</u>	Rate Adjustment Mechanism Provision
89G	"RAM"	<u>June 1, 2018</u>	Rate Adjustment Mechanism Provision
89H	"RAM"	<u>June 1, 2018</u>	Rate Adjustment Mechanism Provision
89I	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
90	"PPAC"	April 1, 2018	Purchased Power Adjustment Clause
90A	"PPAC"	April 1, 2018	Purchased Power Adjustment Clause
90B	"PPAC"	April 9, 2012	Purchased Power Adjustment Clause
91	"RBA"	January 1, 2018	Revenue Balancing Account Provision
91A	"RBA"	January 1, 2018	Revenue Balancing Account Provision
91B	"RBA"	August 31, 2017	Revenue Balancing Account Provision
91C	"RBA"	January 1, 2018	Revenue Balancing Account Provision
91D	"RBA"	<u>June 1, 2018</u>	Revenue Balancing Account Provision
92	"TOU-RI"	November 21, 2016	Residential Interim Time-of-Use Service
92A	"TOU-RI"	November 21, 2016	Residential Interim Time-of-Use Service
92B	"TOU-RI"	November 21, 2016	Residential Interim Time-of-Use Service
92C	"TOU-RI"	November 21, 2016	Residential Interim Time-of-Use Service
93	'EV-F"	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
93A	'EV-F"	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
93B	'EV-F"	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
94	'EV-U"	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
94A	'EV-U"	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot

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HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated March 29, 2018

Deleted: March 23, 2018

Superseding REVISED SHEET NO. 91  
Effective June 1, 2017

REVISED SHEET NO. 91  
Effective January 1, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION

Supplement To:

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

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

A: PURPOSE:

The purpose of the Revenue Balancing Account ("RBA") is to record: 1) the difference between the Hawaii Electric Light Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1<sup>st</sup> through May 31st period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Hawaii Electric Light Company's 2010 test year rate case, Docket No. 2009-0164, consistent with the Final Decision and Order in the Decoupling case, Docket No. 2008-0274.

HAWAII ELECTRIC LIGHT COMPANY, INC.

Decision and Order No. 35165; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.  
Transmittal Letter Dated January 11, 2018.



Superseding REVISED SHEET No. 91A  
Effective August 31, 2017

REVISED SHEET NO. 91A  
Effective January 1, 2018

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

B: TARGET REVENUE:

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

Plus: Any effective RAM Revenue Adjustment calculated under the RAM provision for years subsequent to the most recent rate case test year for which the Commission has issued a Decision & Order; and any Performance Incentive Adjustment provided for in accordance with the Performance Incentive Mechanism Provision; and

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

The target revenue shall be revised to correct for any errors in the calculation of the RAM Revenue Adjustment, Performance Incentive Adjustment, recorded adjusted revenues or other RBA accounting determinations (collectively "target revenue determinations") for any previous period and for revisions to RAM Revenue Adjustments or Performance Incentive Adjustments as a result of subsequent Commission orders that change the basis of previously calculated RAM Revenue Adjustments and/or Performance Incentive Adjustments. For any corrections of errors in previously calculated target revenue determinations, the target revenue shall be adjusted as of the date that the correct determinations would have been reflected in target revenue. For changes in the RAM Revenue Adjustment and/or Performance Incentive Adjustments as a result of subsequently issued Commission orders, the target revenue shall be adjusted as of the effective date of changes that are implemented pursuant to the subsequently issued Commission order.

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Decision and Order No. 35165; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.  
Transmittal Letter Dated January 11, 2018.

Superseding REVISED SHEET No. 91B  
Effective June 1, 2017

REVISED SHEET No. 91B  
Effective August 31, 2017

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

Monthly Allocation Factors for the Target Revenue are as follows:

January	8.437%
February	7.898%
March	8.410%
April	8.072%
May	8.292%
June	8.081%
July	8.630%
August	8.764%
September	8.213%
October	8.548%
November	8.263%
December	<u>8.392%</u>
Total	100.000%

These factors are based on the MWH sales forecast that is approved by the Commission in Hawaii Electric Light Company's 2016 test year rate case and shall be updated in any subsequent test year rate case.

C: BALANCING ACCOUNT ENTRIES:

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

Interest will be recorded monthly to the RBA by multiplying the simple average of the beginning and ending month balance in the RBA times the Interest Rate divided by 12. The Interest Rate shall be the short term debt rate as established in deriving the consolidated cost of capital in the Company's last full rate case. The Interest Rate prior to March 1, 2014 shall be 6 percent.

HAWAII ELECTRIC LIGHT COMPANY, INC.

Docket No. 2015-0170; Order No. 34772, filed August 29, 2017.  
Transmittal Letter Dated August 30, 2017.

Superseding REVISED SHEET No. 91C  
Effective August 31, 2017

REVISED SHEET NO. 91C  
Effective January 1, 2018

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

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

In its annual RBA Review Transmittal, the Company will file with the Commission a statement of the previous calendar year-end balance in the RBA and the RAM Revenue Adjustment for the current calendar year, along with supporting calculations.

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

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

On or before March 31 of each year, the Company shall file with the Commission, the Consumer Advocate, and each party to the Company's most recent rate case proceeding, an RBA Review Transmittal supporting the implementation of the RBA Provision, including RBA reconciliation, implementation of applicable components of the RAM Provision and Performance Incentive Mechanism Provision, determination and adjustments of target revenues, determination of the RBA Rate Adjustment; and documenting any errors, corrections and adjustments to Target Revenues in the preceding calendar year and prior to the transmittal date.

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Decision and Order No. 35165; Approving with Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.  
Transmittal Letter Dated January 11, 2018.

Superseding REVISED SHEET NO. 91D

REVISED SHEET NO. 91D

Effective January 1, 2018.

Effective June 1, 2018

Deleted: June 1, 2017

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

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

#### E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

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

#### RBA Rate Adjustment

All Rate Schedules ..... 1.0218 ¢/kWh

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#### F. NOTICE

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

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

#### G: COMMISSION'S AUTHORITY

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

Deleted: Decision and Order No. 35165; Approving with Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.

Deleted: January 11, 2018

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated March 29, 2018.

Superseding Sheet No. 89  
Effective April 9, 2012

REVISED SHEET NO. 89  
Effective June 1, 2013

#### RATE ADJUSTMENT MECHANISM PROVISION

##### Rate Adjustment Mechanism ("RAM") Provision

##### Purpose

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

##### Definitions

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 89A  
Effective October 11, 2012

REVISED SHEET NO. 89A  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION

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

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

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

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

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

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

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 89B  
Effective March 30, 2014

REVISED SHEET NO. 89B  
Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION

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

n) The RAM Revenue Adjustment to be applied to determine effective Target Revenues will be the lesser of a) the RAM Revenue Adjustment Calculation or b) the RAM Revenue Adjustment Cap.

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

p) The RAM Revenue Adjustment Cap shall be based on the Target Revenues determined in accordance with the RBA and RAM tariffs as provided below.

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

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

s) Major Capital Projects Credits shall be the amounts to be returned to customers through the Revenue Balancing Account Provision, to reduce a preceding year's RAM Revenue Adjustment (including interest at the rate described in the RBA Provision) for specific major capital projects that were not placed into service within the first nine months of the preceding RAM Period as expected. Because the Commission's review of the Major Capital Projects' actual costs incurred may not occur until the rate case after the RAM Revenue Adjustment for these Major Capital Projects is collected, Major Capital Projects Credits (including interest) will be returned to customers for the amount of Major Capital Projects costs that the Commission disallows for cost recovery. The Major Capital Projects Credits are to be refunded through the RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated June 3, 2015.

Superseding REVISED SHEET NO. 89C  
Effective June 8, 2015

REVISED SHEET NO. 89C  
Effective June 1, 2017

RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

Rate Adjustment Mechanism

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

Evaluation Period Earnings Sharing:

1. For the twelve month period ending December 31, of each year (the "Evaluation Period"), with the filing to be made no later than March 31, of the year following the conclusion of the Evaluation Period. The schedules will include the following:
    - a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's actual depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, and other components of income for return, revenues, and actual capital structure, cost of debt, overall cost of capital, and return on common equity in the format set forth in the final order establishing the Company's latest effective rates.
    - b) All applicable accounting and pro forma adjustments historically required in annual reports filed with the Commission.
    - c) Pro-forma adjustments to remove from recorded revenues any out-of-period Earnings Sharing Revenue Credits or Major
- HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated March 31, 2017.



Superseding Sheet No. 89D  
Effective March 30, 2014

REVISED SHEET NO. 89D  
Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Capital Projects Credits recorded during the Evaluation Period, and

- d) A calculation comparing the achieved return on average common equity to the following earnings sharing grid, and indicating the Earnings Sharing Revenue Credit that should be recorded within the Revenue Balancing Account to effect the prescribed sharing of earnings above authorized levels:

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

RAM Period RAM Revenue Adjustment Calculation:

- 2) The Company shall provide additional schedules indicating the following proposed RAM Revenue Adjustment Calculation applicable for the RAM Period using the methodology set forth below:
- a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:
- The labor component shall be quantified for the RAM Period by application of the Labor Cost Escalation Rate, reduced to account for the Productivity Offset to labor expenses, including payroll taxes. The part of Base Expenses that represents labor costs for merit employees shall not be subject to application of the Labor Cost Escalation rate, nor be reduced by the Productivity Offset.
  - The Non-labor components quantified for the RAM Period by application of the Non-labor Escalation Rate to non-labor Base Expenses. Non-labor components shall exclude fuel, purchased power, pension/OPEBs, IRP/DSM or other rate adjustment provisions.
- b) Depreciation and Amortization RAM Adjustment shall be quantified for the RAM Period by application of Commission-approved accrual rates and methods to the actual recorded

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Plant in Service balances at the end of the Evaluation Period.

- c) The Rate Base RAM - Return on Investment Adjustment shall be determined by multiplying the applicable Pretax Rate of Return times the change in Rate Base. The Pretax Rate of Return shall include related income taxes on the equity components of the Return on Investment rate approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. The quantification of Rate Base is specified in greater detail in part (f) of this Section 2.
- d) The revenue impact of any Exogenous Tax Changes shall be included in the RAM Period calculation of the RAM Revenue Adjustment.
- e) Revenue taxes shall be adjusted to account for the change in parts (a) through (e) of this Section 2.
- f) Rate Base for the RAM Period shall be quantified as follows:
  - i. Plant in Service, Accumulated Depreciation, Accumulated Deferred Income Taxes and Contributions in Aid of Construction ("CIAC") shall be a two-point average of actual recorded balance sheet data at December 31 of the Evaluation Period, plus projected values at December 31 of the RAM Period determined as prescribed in parts (ii) through (v), below.
  - ii. Plant in Service shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period, the simple average of Baseline Capital Projects plant additions recorded in the immediately preceding five calendar years, plus the estimated cost of completed Major Capital Projects that are anticipated to be in service by September 30 of the RAM Period. The cost of Major Capital Projects shall be limited to the dollar amounts previously approved by the Commission, and shall be included at the level of recorded costs if recorded costs are lower than the budget amounts approved by the Commission, and the Commission has not yet reviewed the project costs in a rate case.
  - iii. Accumulated Depreciation at December 31 of the RAM Period shall be quantified by increasing the recorded balances at December 31 of the Evaluation Period by the amount set forth in Section 2 part (b) above, consistent with rate-making treatment.

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated June 3, 2015.

Superseding Sheet No. 89F

REVISED SHEET NO. 89F

Effective June 8, 2015

Effective June 1, 2018

Deleted: March 30, 2014

Deleted: June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (continued)

- iv. CIAC shall be quantified by adding to the recorded balance at December 31 of the Evaluation Period an estimate of the net change for the RAM Period. The net change shall be based on a simple average of cash and in-kind CIAC for the immediately preceding five calendar years for programs (i.e., numerous low cost capital projects) plus specific engineering estimates of any contributions for the Major Capital Projects anticipated to be in service by September 30 of the RAM Period.
- v. Accumulated Deferred Income Taxes shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period the estimated tax effect of the depreciation timing difference (i.e., difference between book depreciation and tax depreciation) on the Baseline Capital Projects and Major Capital Projects added to rate base during the RAM Period.
- vi. Working Cash and all other elements of rate base not specifically addressed above shall be fixed at the dollar amount approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. These elements of rate base shall be held constant until revised by a future Commission Decision & Order in a general rate case.

g.) See also Settlement Agreement section below.

RAM REVENUE ADJUSTMENT CAP

The RAM Basis for the calculation of the RAM Revenue Adjustment Cap shall be the target revenues determined in accordance with the RBA tariff based on the results of the Company's most recent interim or final rate case decision. The RAM Basis shall be adjusted to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically ordered by the Commission, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Revenue Adjustment Cap.

Deleted: 1) as described below in the determination of the 2014 Rate Base RAM - Return on Investment Adjustment and the 2014 Depreciation and Amortization RAM Adjustment, and 2)

The RAM Revenue Adjustment Cap shall be calculated as the RAM Basis, multiplied by the cumulative annually compounded increase(s) in the GDPPI for the years between the rate case calendar test year that established the RAM Basis and the RAM Period, adjusted to include applicable revenue taxes.

The RAM Revenue Adjustment Cap will apply to the entire RAM Revenue Adjustment, which includes the O&M RAM Adjustment, Depreciation and Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment.

HAWAII ELECTRIC LIGHT COMPANY, INC.

Deleted: June 3, 2015

Transmittal Letter Dated March 29, 2018

Superseding Sheet No. 89G

REVISED SHEET NO. 89G

Effective June 8, 2015

Effective June 1, 2018

**Deleted:** March 30, 2014

**Deleted:** June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Evaluation Procedures

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

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

**Deleted:** Exception to the calculation of the RAM Revenue Adjustment Cap: ¶

¶ For the calculation of the RAM Revenue Adjustment Cap for the 2015 RAM Revenue Adjustment and for each subsequent year's calculation of RAM Revenue Adjustment until the issuance of a final decision and order in the next rate case, the Target Revenues that will serve as the RAM Basis will be the 2014 annualized target revenues adjusted as described below. The 2014 RAM Revenue Adjustment used to determine the adjusted 2014 target revenues will be adjusted to use recorded 2014 end-of-year actuals for plant in service, accumulated depreciation and amortization, CIAC and accumulated deferred income taxes in the determination of the 2014 Rate Base RAM - Return on Investment Adjustment. For the determination of the 2014 Depreciation and Amortization RAM Adjustment, the Company applies the Commission-approved accrual rates and methods to the 2014 end of year balances calculated above. There is no impact to the O&M RAM Adjustment. The RAM Basis shall be adjusted to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically order by the Commission, as described above.¶

¶ The RAM Revenue Adjustment Cap for year 2015 and for each subsequent year until the issuance of a final decision and order in the next rate case shall be calculated as the RAM Basis, multiplied by the cumulative annually compounded increase(s) in the GDPPI for the years between 2014 and the RAM Period, adjusted to include applicable revenue taxes.¶

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated March 29, 2018

**Deleted:** June 3, 2015

Superseding Sheet No. 89H

REVISED SHEET NO. 89H

Effective June 8, 2015

Effective June 1, 2018

Deleted: March 30, 2014

Deleted: June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

Notice

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

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

Deleted: SETTLEMENT AGREEMENT¶

¶ The provisions in this section are for the sole and limited purpose of implementing the Stipulated Settlement Agreement between the Hawaiian Electric Companies and the Division of Consumer Advocacy regarding Certain Regulatory Matters, filed in Docket No. ¶ 2008-0083, which the Commission approved in Order No. 31126, issued on March 19, 2013.¶  
¶ The Company will include in the Rate Base RAM - Return on Investment Adjustment and the Depreciation and Amortization RAM Expense Adjustment, in 2013 and subsequent years, the recoverable ¶ costs of the Customer Information System ("CIS") project, net of the Stipulated and Commission approved project cost write-downs and as otherwise provided for in the Stipulated Settlement Agreement. Recovery of the CIS costs through the RAM Revenue Adjustment is for the sole purpose of this settlement agreement and does not constitute a precedent for the recovery of any other software or regulatory asset deferred costs through the RAM Revenue Adjustment.¶

Deleted: June 3, 2015

HAWAII ELECTRIC LIGHT COMPANY, INC

Transmittal Letter Dated March 29, 2018

SHEET NO. 89I  
Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (continued)

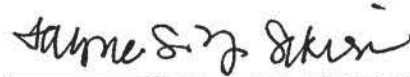
COMMISSION'S AUTHORITY

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

HAWAII ELECTRIC LIGHT COMPANY, INC  
Transmittal Letter Dated June 3, 2015.

## ATTESTATION

Tayne S. Y. Sekimura, is the Financial Vice President of Hawai'i Electric Light Company, Inc., and says that she certifies that the attached Schedules supporting the proposed changes in customer rates pursuant to the Revenue Balancing Account ("RBA") Provision have been prepared in compliance with the Rate Adjustment Mechanism Provision and the RBA Provision, and prior Commission rate orders are true, correct and complete to the best of her knowledge and belief.



Tayne S. Y. Sekimura

Attachment 2 – List of Schedules and Workpapers

Schedule A	HELCO-WP-A-001
Schedule A1	HELCO-WP-B-001
Schedule B	HELCO-WP-B-002
Schedule B1	HELCO-WP-B-003
Schedule B2	HELCO-WP-C-001
Schedule C	HELCO-WP-C-002
Schedule C1	HELCO-WP-C-003
Schedule C2	HELCO-WP-D4-001a
Schedule D	HELCO-WP-D4-001b
Schedule D1	HELCO-WP-D5-001
Schedule D2	HELCO-WP-F-001
Schedule D3	HELCO-WP-F1-001
Schedule D4	HELCO-WP-F1-002
Schedule D5	HELCO-WP-F1-003
Schedule E	HELCO-WP-H-001
Schedule F	HELCO-WP-H-002
Schedule F1	HELCO-WP-H-003
Schedule F2	HELCO-WP-H-004
Schedule G	HELCO-WP-H-005
Schedule G1	HELCO-WP-H-006
Schedule G2	HELCO-WP-H-007
Schedule G3	
Schedule H	
Schedule I	
Schedule J	
Schedule K	



**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF 2018 REVENUE BALANCING ACCOUNT RATE ADJUSTMENT**

Line No.	Description (a)	Reference (b)	Amount (c)	Rate Amount (d)
<b><u>RECONCILIATION OF RBA BALANCE:</u></b>				
1	RBA Prior calendar year-end balance	Schedule B	\$ 3,619,366	
2	Revenue Tax Factor	Schedule C	1.0975	
3	Revenue for RBA Balance			\$ 3,972,254
<b><u>RATE ADJUSTMENT MECHANISM "RAM" AMOUNT:</u></b>				
4	Total RAM Revenue Adjustment Allowed (Note 2)	Schedule A1		\$ 6,637,843
5	<b><u>EARNINGS SHARING REVENUE CREDITS - 2018 ROE:</u></b>	Schedule H		\$ -
6	<b><u>PUC-ORDERED MAJOR OR BASELINE CAPITAL PROJECTS CREDITS:</u></b>	Schedule I		\$ -
7	TOTAL RBA REVENUE ADJUSTMENT	Sum Col. (d)		\$ 10,610,097
8	GWH SALES VOLUME ESTIMATE JUNE 2018 - MAY 2019	HELCO-WP-A-001		1,038.400
9	RBA RATE ADJUSTMENT - cents per kWh	Note 1		<b>1.0218</b>
10	MONTHLY BILL IMPACT @ 500 KWH			<b>\$ 5.11</b>

Note 1: 2018 RBA Rate Adjustment Breakdown

	Col. (d)	Rate Adjustment cents per kWh	Percentage Share
RBA Balance	\$ 3,972,254	0.38253603	37.4384%
RAM Amount	\$ 6,637,843	0.63923756	62.5616%
Earnings Sharing Revenue Credits	\$ -	0.00000000	0.0000%
Major or Baseline Capital Projects Credits	\$ -	0.00000000	0.0000%
	\$ 10,610,097	1.02177360	100.0000%

Note 2: Total RAM Revenue Adjustment Allowed is the sum of the RAM Cap + Exceptional and Other Projects. See Order No. 32735, filed March 31, 2015, paragraph 107, page 94, which states that the Total RAM Revenue Adjustment is to be comprised of the RAM Cap plus recovery of Exceptional And Other Matters.

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF TOTAL RAM REVENUE ADJUSTMENT ALLOWED**

Line No.	Description (a)	Reference (b)	Amount (c)
<b>RAM REVENUE ADJUSTMENT DETERMINED ACCORDING TO EXISTING TARIFFS AND PROCEDURES</b>			
1	O&M RAM	Schedule C	\$ 2,382,553
2	Rate Base RAM - Return on Investment (Note 2)	Schedule D	\$ 1,230,844
3	Depreciation & Amortization RAM Expense	Schedule E	\$ 3,086,149
4	Total RAM Revenue Adjustment		<b>\$ 6,699,547</b>
<b>RAM REVENUE ADJUSTMENT CAP</b>			
5	RAM Cap for 2018 RAM Revenue Adjustment	Schedule J	\$ 6,637,843
6	Plus: Exceptional and Other Matters	Schedule K	-
7	2018 Cap - Total RAM Revenue Adjustment		<b>\$ 6,637,843</b>
8	<b>Total RAM Revenue Adjustment Allowed (Note 1)</b>	Lesser of Line 6 or Line 9	<b>\$ 6,637,843</b>

*To Sch A*

Note 1: RAM Revenue Adjustment Allowed:

See Order No. 32735, filed March 31, 2015, paragraph 106, page 94:

"The RAM Revenue Adjustment to be applied to determine effective Target Revenues will be the **lesser of** (a) the RAM Revenue Adjustment determined according to existing tariffs and procedures or (b) a RAM Revenue Adjustment Cap ("RAM Cap") to be calculated as specified."

Note 2: Total RAM Cap:

See Order No. 32735, filed March 31, 2015, paragraph 110, page 96:

"The RAM Cap will apply to the entire RAM Revenue Adjustment including the O&M RAM, Rate Base RAM (including Major Capital Projects and Baseline Projects), and the Depreciation and Amortization RAM."

Note 3: Order No. 32866, par. 18 required the Company to adjust its 2015 RAM Revenue Adjustment to reflect the O&M expense reduction impact associated with the change in on-cost clearing allocation identified by the Company. The adjustment made to the 2015 RAM revenue adjustment was based on the 2014 O&M expense impact of the change in on-cost clearing allocation. In calculating the 2018 RAM revenue adjustment determined according to existing tariffs and procedures, the adjustment has been updated to reflect the 2017 O&M impact of the change in on-cost clearing allocation. See HELCO-WP-A1-001 for the calculation.

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**SUMMARY OF ACCUMULATED REVENUE BALANCING ACCOUNT**

Line No.	Month	Beginning Balance	Target Revenues	Recorded Adjusted Revenue	Variance to RBA	Adjustment for Prior Year RBA recovery	Adjustment	Tax-effected Balances Subject to Interest	Interest at 3.25%/year	Ending Balance
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Monthly RBA Balance and Activity ( Monthly PUC Rpt., Pg. 9A)										
1	2016 December	\$ 3,135,681	\$ 12,396,468	\$ 12,033,954	\$ 362,514	\$ (485,066)	\$ -	\$ 1,878,154	\$ 5,087	\$ 3,018,216
2										
3	2017 January	\$ 3,018,216	\$ 12,104,787	\$ 11,644,685	\$ 460,102	\$ (453,616)	\$ -	\$ 1,845,809	\$ 4,999	\$ 3,029,701
4	February	\$ 3,029,701	\$ 11,040,149	\$ 10,719,526	\$ 320,623	\$ (416,854)	\$ -	\$ 1,821,451	\$ 4,933	\$ 2,938,403
5	March	\$ 2,938,403	\$ 12,192,291	\$ 11,961,371	\$ 230,920	\$ (468,331)	\$ -	\$ 1,722,553	\$ 4,665	\$ 2,705,657
6	April	\$ 2,705,657	\$ 11,667,264	\$ 11,592,133	\$ 75,131	\$ (452,872)	\$ -	\$ 1,537,505	\$ 4,164	\$ 2,332,080
7	May	\$ 2,332,080	\$ 12,206,875	\$ 11,730,455	\$ 476,420	\$ (459,241)	\$ 2,041	\$ 1,431,162	\$ 3,876	\$ 2,355,176
8	June	\$ 2,355,176	\$ 12,156,545	\$ 11,749,073	\$ 407,472	\$ (250,969)	\$ -	\$ 1,486,581	\$ 4,026	\$ 2,515,705
9	July	\$ 2,515,705	\$ 12,855,881	\$ 12,409,586	\$ 446,295	\$ (268,212)	\$ -	\$ 1,591,240	\$ 4,310	\$ 2,698,098
10	August	\$ 2,698,098	\$ 13,174,872	\$ 12,868,578	\$ 306,294	\$ (283,330)	\$ (26,810)	\$ 1,638,904	\$ 4,439	\$ 2,698,691
11	September	\$ 2,698,780	\$ 12,948,215	\$ 12,610,693	\$ 337,522	\$ (252,231)	\$ (88)	\$ 1,674,683	\$ 4,536	\$ 2,788,519
12	October	\$ 2,788,519	\$ 13,476,360	\$ 13,148,498	\$ 327,862	\$ (268,273)	\$ -	\$ 1,721,708	\$ 4,663	\$ 2,852,771
13	November	\$ 2,852,771	\$ 13,027,042	\$ 12,500,711	\$ 526,331	\$ (255,398)	\$ -	\$ 1,825,514	\$ 4,944	\$ 3,128,648
14	December	\$ 3,128,648	\$ 13,230,418	\$ 12,492,192	\$ 738,226	\$ (253,086)	\$ -	\$ 2,059,477	\$ 5,578	\$ 3,619,366
15	Total		\$ 150,080,699	\$ 145,427,501	\$ 4,653,198	\$ (4,082,413)	\$ (24,857)		\$ 55,133	To Sch A
16										
17	2018 January	\$ -	\$ 13,301,362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	February	\$ -	\$ 12,451,601	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	March	\$ -	\$ 13,258,795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	April	\$ -	\$ 12,725,921	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	May	\$ -	\$ 12,352,934	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	June	\$ -	\$ 12,288,621	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	July	\$ -	\$ 13,123,474	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	August	\$ -	\$ 13,327,246	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	September	\$ -	\$ 12,489,351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	October	\$ -	\$ 12,998,779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	November	\$ -	\$ 12,565,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	December	\$ -	\$ 12,761,552	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			\$ 153,645,021							
Sources of Data:			Sch B1	Sch B2	Col (c) - (d)	Note 2	Note 1	Cols (b)+(g)+ (e)+(f)/2/(l)		Cols (b)+(e)+ (f)+(g)+(i)

Composite Federal & State Income Tax Rate 38.91% (k)  
Income Tax Factor (1/1-tax rate) 1.636929 (l)

Note 1: Adjustment Summary

Year	Month	Workpaper Reference	RBA True-up Adjustment Sch B2, Line 16	RBA Interest Adjustments	Total Adjustment	Adjustment Description:
2017	May	HELCO-WP-B-002	\$ 2,041	\$ -	\$ 2,041	Adj to correct customer rate schedule from G to R
2017	August	HELCO-WP-B-003	\$ (24,734)	\$ (2,077)	\$ (26,810)	Adj for overstatement of Sch F kWh sales (Jan 2015-Jul 2017)
2017	September	-	\$ -	\$ (88)	\$ (88)	Correction to August 2017 RBA interest calculation

Pursuant to D&O No. 34581 issued on May 31, 2017, beginning June 2017, entries to the RBA to correct individual billing errors of \$5,000 or greater have been eliminated.

Note 2: Amounts represent recovery of prior years' RBA balance through the RBA rate adjustment effective June 1, 2016 for the period June 2016 through May 2017 and June 1, 2017 for the period June 2017 through May 2018. See HELCO WP-B-001.

**HAWAII ELECTRIC LIGHT COMPANY, INC.  
DECOUPLING CALCULATION WORKBOOK  
DETERMINATION OF TARGET REVENUES**

Line No.	Description (a)	Reference (b)		Docket No. 2009-0164 Amounts (c)	Docket No. 2009-0164 Amounts (d)	Docket No. 2009-0164 Amounts (e)	Docket No. 2015-0170 Amounts (f)	Docket No. 2015-0170 Amounts (g)	Docket No. 2015-0170 Amounts (h)	Docket No. 2015-0170 Amounts (i)	Docket No. 2015-0170 Amounts (j)
1	Last Rate Case Annual Electric Revenue at Approved Rate Levels	Note 1	\$000s	\$ 355,605	\$ 355,605	\$ 355,605	\$ 299,770	\$ 299,770	\$ 290,242	\$ 290,242	\$ 290,242
2	Less: Fuel Expense	Note 1	\$000s	\$ (80,078)	\$ (80,078)	\$ (80,078)	\$ (45,996)	\$ (45,996)	\$ (45,996)	\$ (45,996)	\$ (45,996)
3	Purchased Power Expense	Note 1	\$000s	\$ (105,866)	\$ (105,866)	\$ (105,866)	\$ (72,438)	\$ (72,438)	\$ (72,438)	\$ (72,438)	\$ (72,438)
4	Revenue Taxes on Line 1 (8.885% statutory rates)		\$000s	\$ (31,596)	\$ (31,596)	\$ (31,596)	\$ (26,635)	\$ (26,635)	\$ (25,788)	\$ (25,788)	\$ (25,788)
5	Last Rate Order Target Annual Revenues	Sum Lines 1 thru 4	\$000s	\$ 138,065	\$ 138,065	\$ 138,065	\$ 154,701	\$ 154,701	\$ 146,020	\$ 146,020	\$ 146,020
6	Add: Authorized RAM Revenues - Transmittal No. 16-02	Note 2	\$000s	\$ 8,534	\$ 8,534	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Less: Revenue Taxes on Line 9 at 8.885%		\$000s	\$ (758)	\$ (758)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Net RAM Adjustment - Test Year +5	Line 6 + Line 7	\$000s	\$ 7,775	\$ 7,775	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Authorized RAM Revenues - Transmittal No. 17-03	Note 3	\$000s	\$ -	\$ -	\$ 11,776	\$ -	\$ -	\$ -	\$ -	\$ -
10	Less: Revenue Taxes on Line 15 at 8.885%		\$000s	\$ -	\$ -	\$ (1,046)	\$ -	\$ -	\$ -	\$ -	\$ -
11	Net RAM Adjustment - Test Year +4	Line 9 + Line 10	\$000s	\$ -	\$ -	\$ 10,729	\$ -	\$ -	\$ -	\$ -	\$ -
12	Authorized RAM Revenues - Incremental 2017 RAM	Note 6	\$000s	\$ -	\$ -	\$ -	\$ 3,242	\$ 3,242	\$ 3,242	\$ -	\$ -
13	Less: Revenue Taxes on Line 12 at 8.885%		\$000s	\$ -	\$ -	\$ -	\$ (288)	\$ (288)	\$ (288)	\$ -	\$ -
14	Net RAM Adjustment - Test Year +7	Line 12 + Line 13	\$000s	\$ -	\$ -	\$ -	\$ 2,954	\$ 2,954	\$ 2,954	\$ -	\$ -
15	Authorized RAM Revenues - Transmittal No. 18-02	Sch A, Line 4	\$000s	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,638	\$ 6,638
16	Less: Revenue Taxes on Line 15 at 8.885%		\$000s	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (590)	\$ (590)
17	Net RAM Adjustment - Test Year +2	line 12 + 13	\$000s	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,048	\$ 6,048
18	Less: EARNINGS SHARING REVENUE CREDITS	Sch A, Line 5 or Sch H	\$000s	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	Less: Revenue Taxes on Line 15 at 8.885%		\$000s	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	Net Earnings Sharing Revenue Credit	Line 15 + Line 16	\$000s	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	<u>PUC-ORDERED MAJOR OR BASELINE CAPITAL CREDITS:</u>	Sch A, Line 6 or Sch I	\$000s	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	Total Annual Target Revenues:										
23	HELCO TY 2010 Final Annualized Revenues:	Line 5	\$000s	\$ 138,065	\$ 138,065	\$ 138,065					
24	HELCO TY 2010 + 2016 RAM Annualized Revenues	Line 5 + Line 8	\$000s	\$ 145,841	\$ 145,841						
25	HELCO TY 2010 + 2017 RAM Annualized Revenues	Line 5 + Line 11	\$000s			\$ 148,795					
26	HELCO TY 2016 Interim+2017 Incrmental RAM Annized Rev:	Line 5 + Line 14	\$000s				\$ 157,655	\$ 157,655			
27	June 1, 2016 Annualized Revenues + RAM Increase								\$ 148,974	\$ 152,068	\$ 152,068
28	Distribution of Target Revenues by Month:	Note 4	Note 5	2016	2017	2017	2017	2018	2018	2018	2019
29	January	8.30%	8.437%		\$ 12,104,787			\$ 13,301,362			\$ 12,829,983
30	February	7.57%	7.898%		\$ 11,040,149			\$ 12,451,601			\$ 12,010,336
31	March	8.36%	8.410%		\$ 12,192,291			\$ 13,258,795			\$ 12,788,925
32	April	8.00%	8.072%		\$ 11,667,264			\$ 12,725,921			\$ 12,274,935
33	May	8.37%	8.292%		\$ 12,206,875			\$ -	\$ 12,352,934		\$ 12,609,484
34	June	8.17%	8.081%	\$ 11,915,194		\$ 12,156,545				\$ 12,288,621	
35	July	8.64%	8.630%	\$ 12,600,646		\$ 12,855,881				\$ 13,123,474	
36	August	8.84%	8.764%	\$ 12,892,327		\$ 12,729,166	\$ 445,706			\$ 13,327,246	
37	September	8.39%	8.213%	\$ 12,236,044			\$ 12,948,215			\$ 12,489,351	
38	October	8.60%	8.548%	\$ 12,542,309			\$ 13,476,360			\$ 12,998,779	
39	November	8.26%	8.263%	\$ 12,046,450			\$ 13,027,042			\$ 12,565,385	
40	December	8.50%	8.392%	\$ 12,396,468			\$ 13,230,418			\$ 12,761,552	
41	Total Distributed Target Revenue:	100.00%	100.00%	\$ 86,629,438	\$ 59,211,366	\$ 37,741,592	\$ 53,127,741	\$ 51,737,679	\$ 12,352,934	\$ 89,554,408	\$ 62,513,663

Note 1: Col. c, d, e: HELCO Revised Schedules Resulting from Decision and Order No. 30168, Exhibit 1A, page 1, filed February 21, 2012, in Docket No. 2009-0164.  
Col. f, g: Interim Decision and Order No. 34766, Exhibit A, page 1, issued August 21, 2017, in Docket No. 2015-0170.  
Col. h, i, j: HELCO Motion to Adjust Interim Increase, Exhibit 11, Line 3, filed March 27, 2018.  
Note 2: Transmittal 16-02 filed May 19, 2016 establishing 2016 RAM effective June 1, 2016.  
Note 3: Transmittal 17-03 filed March 31, 2017 establishing 2017 RAM effective June 1, 2017.  
Note 4: Source: HELCO RBA Provision Tariff effective June 1, 2013 based on 2010 test year.  
Note 5: Source: HELCO RBA Provision Tariff effective August 31, 2017 based on 2016 test year.  
Note 6: See Letter to Commission, Subject: Interim Increase Tariff Sheets, Exhibit E, Line 4 filed August 23, 2017.  
See also Exhibit 1, page 95 of the Settlement Agreement filed on July 11, 2017 for details explaining this incremental increase to the 2016 test year related to the 2017 RAM Revenue Adjust  
Note 7: For the month of the initial implementation (2nd Interim), adjust the monthly allocation by the number of effective days in the month over the total num. of c 1.00000

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF RECORDED ADJUSTED REVENUES**

Line No.	Description	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017	July 2017	August 2017	September 2017	October 2017	November 2017	December 2017	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
<b>BILLED REVENUES:</b>														
1	Current month's billed revenues (SAP014w)	27,495,384	25,650,093	26,069,559	27,336,423	26,387,447	27,072,585	27,894,994	27,412,239	28,341,854	28,766,123	29,766,123	28,943,581	331,153,511
2	Remove PBF revenues	(318,337)	(288,605)	(289,060)	(299,961)	(295,769)	(298,404)	(274,884)	(237,456)	(237,465)	(237,437)	(237,437)	(231,980)	(3,242,962)
3	Remove Solar Saver non-revenues	-	-	-	-	41,907	-	-	-	-	-	-	-	72,632
4	Other electric revenues adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
5 =		<b>27,177,047</b>	<b>25,361,488</b>	<b>25,780,479</b>	<b>27,067,188</b>	<b>26,133,585</b>	<b>26,774,182</b>	<b>27,620,109</b>	<b>27,174,783</b>	<b>28,104,390</b>	<b>28,549,643</b>	<b>29,528,686</b>	<b>28,711,602</b>	<b>327,983,182</b>
sum 1-4														
<b>UNBILLED REVENUES</b>														
6	Current month's unbilled revenues (Unbilled Sales and Revenue Est)	12,961,049	11,857,727	13,891,794	13,481,445	13,681,922	14,172,695	13,934,704	15,174,773	15,152,112	16,261,112	15,987,107	15,947,182	172,483,532
7	Remove PBF unbilled revenues (Unbilled Sales and Revenue Est)	(13,576,230)	(12,981,049)	(11,857,727)	(13,891,794)	(13,481,445)	(13,681,922)	(14,172,695)	(13,934,704)	(15,174,773)	(15,152,112)	(16,261,112)	(15,987,107)	(170,112,580)
8 = 6+7	Unbilled revenues per Unbilled Sales and Revenue Estimate	(615,181)	(1,123,323)	2,034,068	(410,349)	180,476	510,863	(237,901)	1,240,069	(22,660)	1,108,989	(274,004)	(39,925)	2,370,952
9	Recovery of 12-31-15 RBA balance through RBA Rate Adjustment beginning 6-1-16	(497,850)	(457,503)	(514,000)	(497,033)	(504,023)	(275,442)	(294,366)	(310,959)	(276,827)	(294,433)	(280,303)	(277,766)	(2,470,409)
10	Accrual of ECAC adjustment	(33,100)	(79,800)	(375,600)	46,200	1,008,500	(1,604,400)	(317,700)	(270,800)	(183,233)	(183,233)	(183,233)	(183,233)	(2,010,096)
11	Reversal of ECAC accrual	287,332	499,867	499,867	499,867	162,831	162,831	162,838	183,233	183,233	183,234	261,267	261,267	(2,727,500)
12	Accrual of PPAC adjustment	(11,000)	(809,300)	(101,600)	13,700	123,500	173,700	307,600	(103,633)	(103,633)	(103,633)	(103,633)	(103,633)	(900,100)
13	Reversal of PPAC accrual	153,032	92,700	92,700	92,700	307,600	307,600	307,600	307,600	307,600	307,600	307,600	307,600	(900,100)
14	Other adjustments - recedes of 2017 contributions in excess of NPPC in rates	-	-	-	-	-	-	-	-	-	-	-	-	1,154,032
15	Adjust prior period RBA balance	-	-	-	-	2,041	-	-	(24,734)	-	-	-	-	(232,338)
16	Adjust prior period RBA unbilled revenue taxes	-	-	-	-	-	-	-	-	-	-	-	-	(22,683)
17	Adjust prior period RBA unbilled revenue taxes	460,102	320,623	230,920	75,131	476,426	407,472	446,295	305,244	337,522	327,862	526,331	738,226	4,652,213
18	Adjust prior period RBA PUC Monthly Financial Report pg. 9A)	44,866	31,265	22,518	7,326	46,458	39,734	43,520	29,868	32,913	31,971	51,325	71,967	4,652,213
19	RBA gross up for revenue taxes	403,862	(402,148)	(145,195)	237,890	1,623,526	(788,505)	257,087	(297,543)	7,808	(264,000)	204,120	507,175	1,343,297
20 =	Miscellaneous unbilled accruals	-	-	-	-	-	-	-	-	-	-	-	-	-
sum 9-19		<b>(212,099)</b>	<b>(1,505,471)</b>	<b>1,888,873</b>	<b>(172,459)</b>	<b>1,804,002</b>	<b>(777,822)</b>	<b>19,186</b>	<b>942,526</b>	<b>(14,852)</b>	<b>844,999</b>	<b>(69,884)</b>	<b>467,250</b>	<b>3,714,250</b>
21 = 8+20														
22 = 5+21	<b>TOTAL REVENUES PER G/L (PUC Monthly Financial Report pg. 3)</b>	<b>26,964,948</b>	<b>23,856,017</b>	<b>27,669,352</b>	<b>26,894,729</b>	<b>27,937,587</b>	<b>26,496,360</b>	<b>27,639,296</b>	<b>28,117,309</b>	<b>28,089,538</b>	<b>29,394,642</b>	<b>29,458,802</b>	<b>29,178,851</b>	<b>331,697,429</b>
<b>UNBILLED REVENUES</b>														
Billed Adjustments to Determine Adjusted Revenues for RBA:														
23	Remove interim rate relief / FY refund	2,402,530	2,401,352	2,185,760	2,053,914	-	1,935,003	2,046,354	3,111,065	2,826,103	2,044,490	1,414,473	971,225	103
24	Remove ECAC revenues	(1,791,315)	(1,684,569)	(1,723,654)	(1,807,400)	-	(1,960,393)	(1,622,476)	(1,864,579)	(2,110,753)	(2,060,170)	(2,016,079)	(1,844,894)	25,708,241
25	Remove DSM revenues	-	-	-	-	-	-	-	-	-	-	-	-	(21,751,161)
26	Remove RFP revenues	-	-	-	-	-	-	-	-	-	-	-	-	(174)
27	Remove RFP revenues	-	-	-	-	-	-	-	-	-	-	-	-	287
28	Remove revenue taxes of PBF revenues	(21,712)	(19,684)	(19,717)	(20,459)	(20,173)	(20,353)	(18,748)	(16,196)	(16,196)	(15,932)	(16,194)	(15,822)	(221,186)
29	Remove Solar Saver revenues	65	-	5	1,988	2,712	13	22	78	278	68	36	5,267	5,267
30	Remove revenue taxes on billed revenues	(2,467,082)	(2,316,305)	(2,328,127)	(2,425,181)	(2,380,526)	(2,410,371)	(2,490,053)	(2,523,793)	(2,559,210)	(2,533,848)	(2,568,726)	(2,471,982)	(29,474,201)
31	Remove base fuel (adjusted for revenue taxes)	(6,316,051)	(5,864,386)	(5,909,104)	(6,148,671)	(6,041,419)	(6,099,487)	(6,333,736)	(6,432,857)	(6,441,216)	(6,277,816)	(6,399,241)	(6,158,333)	(74,422,326)
32	Remove power purchase energy (adjusted for revenue taxes)	(6,740,187)	(6,258,191)	(6,305,912)	(6,561,567)	(6,447,113)	(6,509,090)	(6,759,059)	(6,864,836)	(6,873,756)	(6,699,384)	(6,828,963)	(6,571,877)	(79,419,935)
33	Other adjustments	-	-	-	-	5,880	-	-	-	-	-	-	-	5,880
34	Other operating revenues - EV-UJ revenue net or revenue tax	-	-	2,305	535	366	505	509	650	706	1,326	1,102	1,072	9,075
35	Other operating revenues - SMNP revenue net or revenue tax	-	-	-	456	1,248	1,915	1,964	2,131	2,449	2,605	2,793	2,886	18,457
Unbilled Adjustments to Determine Adjusted Revenues for RBA:														
36	Remove ECAC accrual	51,204	(50,537)	(131,898)	41,254	322,676	(779,477)	904,474	344,493	(691,376)	(83,801)	(650,076)	248,825	(474,029)
37	Remove ECAC accrual	(254,232)	(420,067)	(124,267)	(546,086)	(1,171,331)	1,441,569	154,862	87,567	12,067	127,366	235,533	(163,167)	(620,166)
38	Remove PPAC revenues	40,970	49,902	(126,636)	27,738	87,009	18,023	(52,942)	(328,676)	75,046	(65,973)	151,411	(10,897)	(135,325)
39	Remove PPAC accrual	(141,732)	716,600	8,900	(106,400)	(431,100)	(481,300)	(216,500)	208,033	73,733	202,034	(142,300)	(43,900)	(353,932)
40	Remove DSM revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
41	Remove excess DSM revenues	-	-	-	-	(2,240)	-	-	-	-	-	-	-	232,339
42	Remove prior period / other RBA adjustment(s)	-	-	-	-	-	-	-	-	-	-	-	-	24,906
43	Remove RBA accruals	(460,102)	(320,623)	(230,920)	(75,131)	(476,426)	(407,472)	(446,295)	(305,244)	(337,522)	(327,862)	(526,331)	(738,226)	(4,653,186)
44	Remove RBA gross up for revenue taxes	(44,866)	(31,265)	(22,518)	(7,326)	(46,458)	(39,734)	(43,520)	(29,868)	(32,913)	(31,971)	(51,325)	(71,967)	(453,751)
45	Remove revenue taxes on unbilled revenues	90,730	138,736	(112,106)	74,491	(7,653)	46,754	(28,367)	(65,957)	81,370	(59,067)	93,557	7,087	241,575
46	Remove base fuel (adjusted for revenue taxes)	160,422	252,301	(411,349)	94,444	(132,177)	56,373	(157,850)	(279,992)	247,905	(226,562)	165,612	(28,483)	(259,336)
47	Remove power purchase energy (adjusted for revenue taxes)	171,195	269,244	(438,972)	100,786	(141,052)	60,198	(168,450)	(286,194)	264,553	(241,176)	176,733	(30,386)	(276,171)
48 =		(15,320,262)	(13,136,492)	(15,707,980)	(15,302,595)	(16,207,132)	(14,747,266)	(15,229,711)	(15,248,730)	(15,478,844)	(16,246,144)	(16,958,091)	(16,886,660)	(186,269,928)
sum 23-47	Total billed and unbilled adjustments to determine adjusted revenues for RBA													
49 =	<b>RECORDED ADJUSTED REVENUES FOR RBA DETERMINATION</b>	<b>11,644,685</b>	<b>10,719,526</b>	<b>11,961,371</b>	<b>11,592,133</b>	<b>11,730,455</b>	<b>11,749,073</b>	<b>12,409,586</b>	<b>12,868,578</b>	<b>12,610,693</b>	<b>13,148,498</b>	<b>12,500,711</b>	<b>12,492,192</b>	<b>145,427,501</b>
22+48	<b>PUC Monthly Financial Report pg. 9A.1</b>													<b>145,427,501</b>
Note: Totals may not add exactly due to rounding.														

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF O&M RAM ADJUSTMENT**  
**(\$ in Thousands)**

Line No.	Description	Reference	Docket No. 2015-0170 Approved	Note 4 Previously Approved RAM	O&M Subject to Escalation Col (c) + (d)	Note 2 Net Inflation Indices	2018 O&M RAM Adjustment Col (e) * (f)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Base BU Labor Expenses	Schedule C1	\$ 10,052		\$ 10,052	4.44%	\$ 446
2	Base Non-Labor Expense	Schedule C2	\$ 40,778		\$ 40,778	4.14%	\$ 1,689
3	Payroll Taxes	Note 1	\$ 805		\$ 805	4.44%	\$ 36
4	Subtotal Expense Increase - RAM Adjustment before revenue taxes						\$ 2,171
5	Revenue Tax Factor (Note 3)						1.0975
6	O&M RAM (Subtotal Expenses x Rev Tax Factor)						<u>\$ 2,383</u>
							<i>To Sch A1</i>

Note 1: See HELCO Interim Decision And Order No. 34766 dated August 21, 2017 in Docket No. 2015-0170, Exhibit A, page 3 of 4.

Less: Portion of payroll taxes related to non-BU labor <sup>A</sup> (35.89% * 1,256)	\$ 1,256
Payroll Taxes related to Bargaining Unit labor	<u>\$ (451)</u>
	\$ 805

<sup>A</sup> See Schedule C1 for calculation of percentage related to non-BU labor.

Note 2: Escalation Rates

Labor:	2017	2018	
Bargaining Unit Wage Increase	3.00%	2.91%	(See HELCO-WP-C-001)
Less: Labor Productivity Offset	0.76%	0.76%	Approved in Final D&O in Docket No. 2008-0274, page 51, filed on August 31, 2010
Labor Cost Escalation Rate	<u>2.24%</u>	<u>2.15%</u>	
2017 Labor Cost Escalation		1.0224	A (2017 labor escalation plus 1)
2018 Labor Cost Escalation		1.0215	B (2018 labor escalation plus 1)
		1.0444	C = A * B
2017 - 2018 Compounded Labor Cost %		<u>0.0444</u>	D = C - 1
Non-Labor:	2017	2018	
GDP Price Index	<u>2.00%</u>	<u>2.10%</u>	(See HELCO-WP-C-002)
2017 Non-Labor Cost escalation		1.020	E (2017 non-labor escalation plus 1)
2018 Non-labor Cost Escalation		1.021	F (2018 non-labor escalation plus 1)
2017 - 2018 Compounded Non-Labor Cost Escalation		1.0414	G = E * F
2018 Compounded Non-Labor Cost %		<u>0.0414</u>	H = G - 1

Note 3: Computation of Revenue Tax Factor

Public Service Tax Rate	0.05885
PUC Fees Rate	0.00500
Franchise Tax Rate	0.02500
Total Revenue Tax Rate	<u>0.08885</u>

Revenue Tax Factor  
= 1 / (1 - Total Revenue Tax Rate) 1.0975 *To Sch A*

Note 4: Column D "Previously Approved RAM" is not used as the labor and non-labor escalation is accomplished through the use of a compounded escalation rate in column f, as shown in Note 2.

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKSHEET**  
**RATE ADJUSTMENT MECHANISM**  
**SUMMARY OF**  
**OPERATIONS AND MAINTENANCE LABOR AND NON-LABOR EXPENSE**  
**BY BLOCK OF ACCOUNTS**  
**Interim D&O - Docket No. 2015-0170**  
**(\$ in Thousands)**

Line No.	DESCRIPTION	Note 2 BU LABOR (a)	Note 2 Non-BU LABOR (b)	Total LABOR (c)=(a)+(b)	Note 1 NON-LABOR (d)	Note 1 TOTAL (e)
1	Production	5,801	1,848	7,649	10,802	18,451
2	Transmission	1,377	132	1,509	2,858	4,367
3	Distribution	2,768	199	2,967	9,151	12,118
4	Customer Accounts	34	11	46	7,691	7,737
5	Allowance for Uncoll Accounts	-	-	-	446	446
6	Customer Service	-	380	380	836	1,216
7	Administrative & General	72	3,059	3,131	15,513	18,644
8	Austerity Adjustment	-	-	-	-	-
9	<b>Operation and Maintenance</b>	<u>10,052</u>	<u>5,629</u>	<u>15,682</u>	<u>47,297</u>	<u>62,979</u>
	<i>To Sch C</i>					
	Percentage of Total O&M Labor	64.10%	35.89%	100%		

\* amounts may not add due to rounding

Note 1: See HELCO Interim Decision and Order No. 34766, Exhibit A, page 1 issued August 21, 2017, in Docket No. 2015-0170. The amortization of contributions in excess of NPPC was removed from the amounts shown above. See HELCO Motion to Adjust Interim Increase, Exhibit 5A, filed March 27, 2018.

Note 2: See HELCO-1140, Docket No. 2015-0170, for BU and Non-BU Labor as filed in Direct testimony. See HELCO Statement of Probable Entitlement, Att. 1.2, Docket No. 2015-0170 filed July 21, 2017 for adjustment C-23.

BU Labor	10,052	
Non-BU Labor	5,719	
Total	<u>15,771</u>	HELCO-1140 Ln: 20
Settlement Adj C-23	<u>(90)</u>	Entitlement Att 1.2
Total Labor I D&O	<u>15,681</u>	

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**Non-Labor Exclusion**  
**Adjustment for O&M RAM**  
**(\$ in Thousands)**

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Reference</u> (c)
1	Pension Expense	\$ 11,913	See Stipulated Settlement Letter filed Jul. 11, 2017, Exhibit 1, page 55 Docket No. 2015-0170. Note 1
2			
3			
4			
5			
6	Other Post-Employment Benefits (OPEB) Expense	\$ (416)	Id.
7			
8			
9			
10	Total before amounts transferred	\$ 11,497	
11			
12	O&M %	56.70%	Id., Exhibit 1, page 75
13	(1- transfer rate of 43.30%)		
14			
15			
16	Adjustment to Non-Labor O&M Expense		
17	for O&M RAM base	\$ 6,519	
18			
19			
20	Non-Labor O&M Expense	\$ 47,297	Sch C1
21			
22			
23	Non-Labor O&M Expense Base for		
24	O&M RAM base	<u>\$ 40,778</u>	
		<u>To Sch C</u>	

Note 1: The amortization of contributions in excess of NPPC was removed from the amounts shown above. See HELCO Motion to Adjust Interim Increase, Exhibit 5A, filed March 27, 2018.



**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF RATE BASE RAM ADJUSTMENT - RETURN ON INVESTMENT**  
**(\$ in Thousands)**

Line No.	Description	AMOUNTS IN THOUSANDS	PERCENT OF TOTAL	COST RATE	POST TAX WEIGHTED EARNINGS REQMTS	Note 1 INCOME TAX FACTOR	PRETAX WEIGHTED EARNINGS REQMTS
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	<u>PUC APPROVED CAPITAL STRUCTURE &amp; COSTS (Note 2):</u>						
2	Short-Term Debt	\$ -	0.00%	1.50%	0.00%	1.000000	0.00%
3	Long-Term Debt	204,912	40.13%	5.40%	2.17%	1.000000	2.17%
4	Hybrid Securities	9,515	1.86%	7.21%	0.13%	1.000000	0.13%
5	Preferred Stock	6,713	1.31%	8.18%	0.11%	1.346835	0.14%
6	Common Equity	289,453	56.69%	9.50%	5.39%	1.346835	7.25%
7	Total Capitalization	<u>\$ 510,593</u>	<u>100.00%</u>		<u>7.79%</u>		<u>9.70%</u>
8	RAM CHANGE IN RATE BASE (From Sch D1)						\$ 11,562
9	PRETAX RATE OF RETURN (Line 7, Col g)						9.70%
10	PRETAX RETURN REQUIREMENT						\$ 1,121.5
11	REVENUE TAX FACTOR (1/(1-8.885%))						1.0975
12	RATE BASE RAM - RETURN ON INVESTMENT						<u>\$ 1,230.8</u>
							To Sch A1

Note 1: Composite Federal & State Income Tax Rate 25.75% See HECO-WP-F-001  
Income Tax Factor ( 1 / 1-tax rate) 1.346835

Note 2: Per Interim Decision and Order No. 34766, issued in Docket No. 2015-0170 dated August 21, 2017. For purposes of interim rate relief, the Commission accepted the Consumer Advocate's recommended ROE of 9.50% and the remaining components of the Parties' stipulated capital structure per the Stipulated Settlement Agreement dated July 11, 2017, Exhibit 1, page 88, See also Rebuttal Testimonies, Exhibits and Workpapers - Book 2 in Docket No. 2015-0170, HELCO-R-2101.

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF RATE BASE RAM ADJUSTMENT - CHANGE IN RATE BASE**  
**(\$ in Thousands)**

Line No.	Description (a)	HELCO 2016 Test Year Rate Base (Note 2)		HELCO 2018 RAM Rate Base		
		Beg Balance 12/31/16 (b)	Budgeted Balance 12/31/16 (c)	Adjusted Recorded at 12/31/2017 (d)	RAM Projected Amounts (e)	Estimated at 12/31/2018 (f)
1	Net Cost of Plant in Service	\$ 649,484	\$ 667,682	Note 1 \$ 678,926	See Detail Below \$ 6,057	\$ 684,983
2	Property Held for Future Use	987	755	These Elements of Rate Base are Not Updated for RAM Purposes		
3	Fuel Inventory	6,021	6,021			
4	Materials & Supplies Inventories	7,082	7,082			
5	Regulatory Asset - ASC 740	11,463	11,477			
6	Pension Regulatory Asset	22,912	26,421			
7	Contrib in Excess of NPPC	3,047	3,047			
8	Pension Asset	-	-			
9	Unamort Sys Dev Costs	4,848	4,169			
10	Total Additions	\$ 705,844	\$ 726,654	\$ 736,592	\$ 6,057	\$ 742,649
11	Unamortized CIAC	\$ (95,298)	\$ (97,211)	\$ (100,006)	\$ (2,700)	\$ (102,707)
12	Customer Advances	(11,172)	(11,259)	Not Updated		
13	Customer Deposits	(3,224)	(2,788)			
14	Accumulated Def Income Taxes	(102,336)	(110,970)	(58,174)	(400)	(58,574)
15	ADIT Excess Reg Liability			(55,037)	98	(54,939)
16	Unamortized State ITC (Gross)	(15,184)	(15,787)	Not Updated		
17	Pension Reg Liability (Prepaid)	(496)	(1,370)			
18	OPEB Reg Liability	(1,548)	(2,080)			
19	Total Deductions	\$ (229,258)	\$ (241,465)	\$ (245,671)	\$ (3,003)	\$ (248,674)
20	Working Cash	\$ 1,249	\$ 1,249	\$ 1,249	Not Updated	\$ 1,249
21	Rate Base at Proposed Rates	\$ 477,835	\$ 486,438	\$ 492,170		\$ 495,224
22	Average Rate Base		\$ 482,136			\$ 493,697
23	<b>Change in Rate Base</b>					<b>\$ 11,562</b>
24	<u>Column (e) Projected Changes to Rate Base:</u>		Reference	Amount		
25	Plant - Baseline Capital Project Additions		Schedule D2	\$ 51,194		
26	Major CIP Project Additions		Schedule D3	-		
27	Accumulated Depreciation/Amortization Change		Schedule E	(45,137)		
28	Net Plant		Sum Lines 25-27	\$ 6,057		
29	Accum. Deferred Income Taxes - Baseline and Major Capital Projects		Schedule F	\$ (400)		
30	Excess ADIT Reg Liability Amortization		Schedule D5	98		
31	Projected CIAC Additions - Baseline		Schedule G	\$ (6,132)		
32	Projected CIAC Additions - Major CIP		Schedule G	-		
33	Less: Amortization of CIAC		Schedule G	3,432		
34	Total Change in CIAC in Rate Base		Sum: Lines 31-33	\$ (2,700)		

Note 1: Amounts are recorded, except for the following adjustments:

	Plant in Service	Acc. Depr.	CIAC Net	ADIT	Excess ADIT
			Schedule G	Schedule D4	Schedule D5
[A] Unadjusted Balance	\$ 1,305,833	\$ (530,676)	\$ (96,884)	\$ (58,174)	\$ (55,037)
[A] Add: Asset Retirement Obligation		\$ (1,916)			
[A] Reg Liab-Cost of Removal (net salvage)		\$ (96,967)			
[A] Retirement Work In Progress		\$ 2,652			
Add: Developer Advances			\$ (3,122)		
Major Project Adjustments:					
NA					
Total Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance	\$ 1,305,833	\$ (626,907)	\$ (100,006)	\$ (58,174)	\$ (55,037)

[A] SOURCE: Hawaii Electric Light Company, Inc. Monthly Financial Report - December 2017, pages 8 and 10, filed March 1, 2018.

Note 2: See Hawaii Electric Light Company, Inc. PUC Interim Decision and Order No. 34766, Exhibit B, Page 1 of 2, filed August 21, 2017 in Docket No. 2015-0170.

Note 3: As of December 2017, the Company reclassified cash CIAC received from Developers, subject to refund, from CIAC to Customer Advances. Leaving this amount unchanged from the balance at 12/31/17 would result in an overstatement of rate base. See further discussion at Schedule G1.

Note 4: As a result of the 2017 Tax Reform Act, Regulatory Liability accounts were created to isolate the impact of the 2017 excess accumulated deferred taxes effective in actuals as of December 2017. These Regulatory Liabilities will be included as a reduction to Rate Base in the future. The ADIT balance shown in this revenue requirement is the composite of the ADIT and the Regulatory Liabilities for Deferred Taxes. See further discussion at Schedule F.

Note 5: HELCO 2016 Test Year Rate Base includes CIS Deferred Costs in Unamortized System Development Costs. See detail in July 11, 2017 Stipulated Settlement Letter, HELCO T-11, page 2.

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF BASELINE CAPITAL PROJECTS ADDITIONS**

**Source: Docket No. 03-0257 General Order No. 7 Plant Additions Annual Reports filed with the PUC dated:**

Line No.	Description (a)	3/31/2014		3/27/2015		3/29/2016		3/29/2017		3/27/2018	
		2013 (b)		2014 (c)		2015 (d)		2016 (e)		2017 (f)	
1	<b>Total Plant Additions</b>	<b>\$ 59,016,572</b>		<b>\$ 51,615,842</b>		<b>\$ 51,663,728</b>		<b>\$ 52,675,304</b>		<b>\$ 55,208,465</b>	
2											
3											
4	<u>Less Major Projects: (+\$2.5 Million)</u>		<u>Dkt No.</u>		<u>Item No.</u>						
5											
6	2013 In-Service										
7	None										
8											
9	2014 In-Service										
10	Keamuku-Keahole 6800 kV Line Recon Ph 1 - Note 1		2012-0392		H0002509		(2,730,442)		141,116		10
11	Keahole CT-4 Major Overhaul - Note 2		2013-0144		H0002725		(1,622,930)		(19,335)		-
12											
13	2015 In-Service										
14	None										
15											
16	2016 In-Service										
17	Keamuku-Keahole 6800 69 kV Line Recon Phase 2		2012-0392		H0002612				(2,961,593)		
18	Keamuku-Keahole 6800 69 kV Line Recon Phase 3		2012-0392		H0002668				(2,703,182)		(32,940)
19	Keahole CT-5 Major Overhaul		2013-0144		H0002724				(3,333,467)		
20											
21	2017 In-Service										
22	Keamuku-Keahole 6800 69 kV Line Recon Phase 4		2012-0392		H0002669						(945,457)
23											
24											
25	<b>Total Net Plant Additions (excluding major projects)</b>	<b>\$ 59,016,572</b>		<b>\$ 47,262,470</b>		<b>\$ 51,785,510</b>		<b>\$ 43,677,072</b>		<b>\$ 54,230,068</b>	
26											
27	<b>Last Five-Year Average</b>									<b>\$ 51,194,338</b>	

*To Sch D1*

Note 1: Docket No. 2012-0392, Keamuku-Keahole 6800 kV Line Reconstruction Phase 1 Final Cost Report filed September 29, 2014, \$2,659,753 plus straggling costs of \$70,689 in 2014, less straggling credits of \$141,116 in 2015 and \$10 in 2016.

Note 2: Docket No. 2013-0144, Keahole CT-4 Major Overhaul Final Cost Report filed January 29, 2015, \$1,622,930 plus straggling costs of \$19,335.

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF MAJOR CAPITAL PROJECT ADDITIONS**

Line No.	Description (a)	PUC Docket Reference (b)	Estimated In Service Date (c)	Amount (d)
	<u>2018 Major Capital Project Additions by Project:</u>			
1	None			\$ -
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13	<b>Total Major Capital Projects Qualifying for 2018 RAM</b>			<b>\$ -</b>
	See Schedule G2 for related CIAC (if applicable)			<i>To Sch D1</i>

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF ADJUSTED RECORDED DEFERRED INCOME TAXES**

Line No.	NARUC Account (a)	Reference (b)	DR/(CR)	DR/(CR)	DR/(CR)
			Federal ADIT (c)	State ADIT (d)	Total ADIT (e)
1	Recorded Deferred Income Tax Balances December 31, 2017 Recorded Balances				
2	Depreciation Related Account 282	HELCO-WP-D4-001	\$ (49,764,080)	\$ (8,538,675)	\$ (58,302,755)
3	Other Deferred Income Taxes	HELCO-WP-D4-001	(114,237)	243,247	129,010
4	Total Recorded Deferred Income Taxes - Utility		(49,878,317)	(8,295,428)	(58,173,745)
				To Sch D1	
				To HELCO-WP-H-001	

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF ADJUSTED RECORDED EXCESS ADIT REGULATORY LIABILITY**

Line No.	NARUC Account	Reference	DR/(CR) ADIT	DR/(CR) Reg Liab	DR/(CR) Adjusted/Recorded at 12/31/17	Life	Amortization	Est Bal at 12/31/18
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
					= (c) + (d)		= (e) / (f)	= (e) + (g)
1	Recorded Excess ADIT Regulatory Liability Balances December 31, 2017 Recorded Balances							
2	Plant 282 - protected		(40,321,728)	(13,984,987)	(54,306,715)	0		(54,306,715)
3	Plant 283 - unprotected		(268,791)	(93,226)	(362,017)	15	24,134	(337,883)
4	Nonplant 283 - unprotected		(273,074)	(94,712)	(367,786)	5	73,557	(294,229)
5	Total Excess ADIT Regulatory Liability		<u>(40,863,593)</u>	<u>(14,172,925)</u>	<u>(55,036,518)</u>		<u>97,692</u>	<u>(54,938,826)</u>
					To Sch D1		To Sch D1	Sch D1
							To Sch F	

SOURCE: HELCO-WP-D5-001

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF DEPRECIATION & AMORTIZATION RAM ADJUSTMENT**

Line No.	NARUC Account	Recorded Depreciable/Amort. Balance (Note 2)	Adjustments (Note 3)	Adjusted Depreciable/Amort. Balance	PUC Approved Accrual Rate in Dkt No. 2009-0321	Annual Accrual
	(a)	(b)	(c)	(d)	(e)	(f)
1	<b>Plant Accounts</b>					
2	311	\$ 18,504,949		\$ 18,504,949	0.02900	\$ 536,644
3	312	70,434,601	(1,680,000)	68,754,601	0.03080	2,117,642
4	314	48,505,690		48,505,690	0.02540	1,232,045
5	315	9,576,439		9,576,439	0.03350	320,811
6	Tot - Steam	147,021,679	(1,680,000)	145,341,679	0.02895	4,207,142
7						
8	331	97,513		97,513	0.00940	917
9	332	6,233,976		6,233,976	0.02030	126,550
10	333	2,107,816		2,107,816	0.02130	44,896
11	334	755,981		755,981	0.00620	4,687
12	336	121,311		121,311	0.00000	-
13	Tot - Hydro	9,316,597	-	9,316,597	0.01900	177,050
14						
15	341	24,688,574		24,688,574	0.02640	651,778
16	342	12,967,032		12,967,032	0.01990	258,044
17	343	69,059,806		69,059,806	0.02220	1,533,128
18	344	54,240,065		54,240,065	0.01910	1,035,985
19	345	7,767,658		7,767,658	0.01710	132,827
20	Tot - Other Prod	168,723,135	-	168,723,135	0.02141	3,611,762
21						
22	Tot - Prod	325,061,411	(1,680,000)	323,381,411		7,995,954
23						
24	350.1	3,242,961		3,242,961	0.01460	47,347
25	352	4,083,524		4,083,524	0.00890	36,343
26	353	69,225,372		69,225,372	0.01980	1,370,662
27	354	60,041		60,041	0.02120	1,273
28	355	62,978,162		62,978,162	0.01750	1,102,118
29	356	45,544,844		45,544,844	0.04430	2,017,637
30	357	305,800		305,800	0.00000	-
31	358	673,818		673,818	0.00180	1,213
32	359	128,935		128,935	0.01350	1,741
33	Tot - Transm	186,243,457	-	186,243,457	0.02458	4,578,334
34						
35	360.1	675,771		675,771	0.01990	13,448
36	361	3,842,402		3,842,402	0.01600	61,478
37	362	70,322,861		70,322,861	0.01820	1,279,876
38	363	1,194,003		1,194,003	0.03960	47,283
39	364	132,602,754		132,602,754	0.03780	5,012,384
40	365	115,674,022		115,674,022	0.03400	3,932,917
41	366	39,575,046		39,575,046	0.02870	1,135,804
42	367	118,934,096		118,934,096	0.04080	4,852,511
43	368	109,383,120	(22,601)	109,360,519	0.06870	7,513,068
44	369.1	44,435,480		44,435,480	0.03470	1,541,911
45	369.2	32,211,043		32,211,043	0.02850	918,015
46	370	21,828,155		21,828,155	0.04840	1,056,483
47	Tot - Distr	690,678,752	(22,601)	690,656,152	0.03962	27,365,177
48						
49	Tot - T & D	876,922,210	(22,601)	876,899,609		31,943,511
50						
51	390	21,765,069		21,765,069	0.01290	280,769
52	Tot - General	21,765,069	-	21,765,069	0.01290	280,769
53						
54	Sub-Total	1,223,748,690	(1,702,601)	1,222,046,090		40,220,234
55						
56	390.2 (Kanoelehua)	793,494		793,494	0.01540	12,220
57	Tot - LH Impr	793,494	-	793,494	0.01540	12,220
58						
59	392.1	7,137,187		7,137,187	0.15120	1,079,143
60	392.2	16,383,882		16,383,882	0.02720	445,642
61	Tot - Vehicles	23,521,069	-	23,521,069	0.06483	1,524,785
62						
63						
64	Utility Total Depreciation	\$ 1,248,063,254	\$ (1,702,601)	\$ 1,246,360,653	0.03350	\$ 41,757,239

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF DEPRECIATION & AMORTIZATION RAM ADJUSTMENT**

Line No.	NARUC Account (a)	Recorded Depreciable/Amort. Balance (Note 2) (b)	Adjustments (Note 3) (c)	Adjusted Depreciable/Amort. Balance (d)	PUC Approved Accrual Rate in Dkt No. 2009-0321 (e)	Annual Accrual (f)
65						
66						
67	<b>Amortization Amounts</b>					
68						
69	316	\$ 1,990,400		\$ 1,990,400	0.05000	\$ 99,520
70	Tot - Steam	1,990,400	-	1,990,400	0.05000	99,520
71						
72	335	137,873		137,873	0.05000	6,894
73	Tot - Hydro	137,873	-	137,873	0.05000	6,894
74						
75	346	3,599,439		3,599,439	0.05000	179,972
76	Tot - Other Prod	3,599,439	-	3,599,439	0.05000	179,972
77						
78	Tot - Prod	5,727,712	-	5,727,712	0.05000	286,386
79						
80	391.1	2,514,263		2,514,263	0.20000	502,853
81	391.2	483,063		483,063	0.10000	48,306
82	391.3	749,362		749,362	0.06670	49,982
83	393	831,088		831,088	0.04000	33,244
84	394	11,689,475		11,689,475	0.04000	467,579
85	395	291,059		291,059	0.06670	19,414
86	396	667		667	0.05560	37
87	397	25,267,026		25,267,026	0.06670	1,685,311
88	398	4,303,228		4,303,228	0.06670	287,025
89	Tot - General	\$ 46,129,231	\$ -	\$ 46,129,231	0.06707	\$ 3,093,751
90						

91						
92						
93						
94						
95	Utility Total Amortization	\$ 51,856,943	\$ -	\$ 51,856,943	0.06518	\$ 3,380,137

96						
97	TOTAL RAM DEPRECIATION / AMORTIZATION				Line 64 + Line 95	\$ 45,137,376 To Sch D1
98	LESS: Vehicle Depreciation (A/C 392 above)				Line 61	\$ (1,524,785)
99	LESS: Depreciation & Amortization in Current Revenues				Note 1	\$ (40,503,308)
100						
101	RAM Adjustment for Depreciation & Amortization					\$ 3,109,282
102	RAM Adjustment for CIAC Amortization				Schedule G, line 17	\$ (199,646)
103	RAM Adjustment for ADIT Excess Amortization				Schedule D5	\$ (97,692)
104	Total RAM Adjustment for Depreciation & Amortization					\$ 2,811,945
105	Times: Factor for Revenue Taxes				Schedule C Line 5	1.0975
106						
107	RAM DEPRECIATION & AMORTIZATION				Line 104 x Line 105	\$ 3,086,149 To Sch A1

Note 1:	<u>Depreciation &amp; Amortization in Current Revenues (ii):</u>	Depr/Amort Expense
	Total Depreciation	\$ 42,106,000
	LESS: Vehicle Depreciation (A/C 392)	(1,505,000)
	LESS: Amortization of ADIT Excess Amortization	(97,692)
	Net Depreciation in Current Revenues	\$ 40,503,308

Source: See Direct Testimony, Exhibit HELCO-1601 of Docket No. 2015-0170

Note 2:	Utility Total Depreciable Plant Balance - Line 64	\$ 1,248,063,254
	Utility Total Amortizable Plant Balance - Line 95	51,856,943
	Total Utility Depreciation and Amortization Plant Balance	\$ 1,299,920,197
	Total Utility Plant in Service (i)	\$ 1,305,832,608
	less: Land (ii)	(5,912,412)
	Total Depreciable Plant in Service	\$ 1,299,920,196

**SOURCE:**

(i) - Hawaii Electric Light Company, Inc. Monthly Financial Report - December 2017, pages 8, filed March 1, 2018.

(ii) - Accounting records.

Note 3:	ARO Assets included in Depreciable Plant (A/C 10100001)	\$ (1,702,601)
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**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF CHANGE IN DEFERRED INCOME TAXES**

<u>Line No.</u>	<u>NARUC Account</u> (a)	<u>Reference</u> (b)	<u>Projected ADIT Change</u> (c)
1	State Tax Depreciation	Schedule F1	1,679,947
2	Amortization of Excess Deferreds	Schedule D5	97,692
3	Subtotal		<u>1,777,639</u>
4	Effective Federal Tax Rate	HELCO-WP-F-001	19.7368%
5	Federal Deferred Tax on State Tax Depreciation		<u>350,850</u>
6	Addback State Tax Depreciation		(1,679,947)
7	Federal Tax Depreciation	Schedule F1	1,679,947
8	Federal/State Difference		-
9	Tax Rate on Federal Only Adjustment	HELCO-WP-F-001	21%
10	Federal Deferred Tax Adjustment		<u>-</u>
11	Total Federal Deferred Taxes Before Proration		350,850
12	Proration Adjustment	HELCO-WP-F1-003	<u>(57,929)</u>
13	Total Federal Deferred Taxes After Proration		<u>292,921</u>
<b>STATE DEFERRED TAXES</b>			
14	State Tax Depreciation		1,679,947
15	Amortization of Excess Deferreds	Schedule D5	97,692
16	Subtotal		<u>1,777,639</u>
17	Effective State Tax Rate	HELCO-WP-F-001	6.0150%
18	Total State Deferred Taxes		<u>106,926</u>
19	TOTAL FED AND STATE DEFERRED TAXES		<u>399,846</u>
			<i>To Sch D1</i>

NOTE: In accordance with the tariff, the change in ADIT in the RAM year is based on the temporary book/tax depreciation differences associated with the RAM year plant additions (major capital projects and baseline plant additions). It does not include any estimated ADIT related to the repairs deduction or CIAC on RAM year plant additions.

HAWAII ELECTRIC LIGHT COMPANY, INC.  
DECOUPLING CALCULATION WORKBOOK  
DETERMINATION OF TAX DEPRECIATION

SCHEDULE F1  
PAGE 1 OF 1

Line No.	LIFE	HELCO-WP-F1-002			PROJECTS	PROGRAMS	TOTAL	LIFE	HELCO-WP-F1-002			PROJECTS	PROGRAMS	TOTAL
		(a)	(b)	(c)										
					(e)	(f)	(g)					(e)	(f)	(g)
1	Information Systems/Data Handling	5	\$	391,191	0.76%	-	0.76%					0.76%	-	0.76%
2	Communication	20		2,417,372	4.72%	-	4.72%					4.72%	-	4.72%
3	Office Furniture	7		437,048	0.85%	-	0.85%					0.85%	-	0.85%
4	Distribution	20		37,039,805	72.35%	-	72.35%					72.35%	-	72.35%
5	Land	-		243,757	0.48%	-	0.48%					0.48%	-	0.48%
6	Other Production	15		2,571,274	5.02%	-	5.02%					5.02%	-	5.02%
7	Steam & Hydraulic Production	20		38,776	0.08%	-	0.08%					0.08%	-	0.08%
8	Structural	39		2,269,169	4.43%	-	4.43%					4.43%	-	4.43%
9	Transmission	15		3,242,299	6.33%	-	6.33%					6.33%	-	6.33%
10	Transmission	20		278,075	0.54%	-	0.54%					0.54%	-	0.54%
11	Vehicles	-		2,265,574	4.43%	-	4.43%					4.43%	-	4.43%
12	Baseline Plant Additions		\$	51,194,338	100%	-	100%					100%	-	100%

Projects and Program % Totals by Depreciable Life:									
5 yr	0.76%	-	0.76%						
7 yr	0.85%	-	0.85%						
15 yr	11.36%	-	11.36%						
20 yr	77.69%	-	77.69%						
39 yr	4.43%	-	4.43%						
Land	0.48%	-	0.48%						
Vehicles	4.43%	-	4.43%						
Total	100.00%	-	100.00%						

Vintage 2018 - Bonus Depreciation									
5 yr	0.00%	-	60.00%	-	20.00%				
7 yr	0.00%	-	57.145%	-	14.29%				
15 yr	0.00%	-	52.500%	-	5.00%				
20 yr	0.00%	-	51.875%	-	3.75%				
Land	n/a	n/a	n/a						
Vehicles	n/a	n/a	n/a						
Total	0.00%	0.00%	0.00%						

Vintage 2018 - Regular Depreciation									
5 yr	0.76%	337,084	20.00%	67,417	20.00%	\$	67,417		
7 yr	0.85%	376,598	14.29%	53,816	14.29%	\$	53,816		
15 yr	11.36%	5,009,474	5.00%	250,474	5.00%	\$	250,474		
20 yr	77.69%	34,272,722	3.75%	1,285,227	3.75%	\$	1,285,227		
39 yr	4.43%	1,955,311	1.18%	23,014	1.18%	\$	23,014		
Land	n/a	n/a	n/a						
Vehicles	n/a	n/a	n/a						
Total	95.10%	-	95.10%						
TOTAL ASSETS	95.10%	-	95.10%						

Net Depreciable Baseline Plant Adds									
Major Capital Projects (From Sch F2)									
Total Depreciable Plant Adds									
Reconciliation from Baseline Plant Adds to Net Depreciable Plant Adds									
Baseline Capital Projects Plant Adds									
Less: Repairs deduction									
Net plant add basis									
Less: Land and Vehicles (4.90% x \$44,113,443)									
Total									

Fed Tax Depreciation To Sch F									
St. Tax Depreciation To Sch F									

Note 1: The 2017 Tax Cuts and Jobs Act (TCJA) precludes public utility companies from utilizing bonus depreciation on qualified property acquired and placed in service after September 27, 2017.

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**TAX DEPRECIATION ON MAJOR CAPITAL PROJECTS ADDITIONS**

Line No.	Description	PUC Docket	Estimated In Service Date	Amount	
	(a)	(b)	(c)	(d)	(e)
1	Assumed Value of 2018 Major Capital Projects - Plant Items			\$	-
2	Assumed Value of 2018 Major Capital Projects - CIAC nontaxable			\$	-
3	Assumed Value of 2018 Major Capital Projects - Total			\$	- Sch D3

4	Tax Classification of Major Capital Project Additions	Tax Basis Distribution	FED YR 1 DEPR RATE	FED YR 1 TAX DEPR	STATE YR 1 DEPR RATE	STATE YR 1 TAX DEPR
5	5 yr	\$ -	60.000%	\$ -	20.00%	\$ -
6	7 yr	-	57.145%	-	14.29%	-
7	15 yr - Transmission	-	52.500%	-	5.00%	-
8	20 yr	-	51.875%	-	3.75%	-
9	39 yr	n/a				
10	Land	n/a				
11	Vehicles	n/a				
12	Total	\$ -		\$ -		\$ -
		To Sch F1		To Sch F1		To Sch F1

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**CIAC SUMMARY**

Line No.	Description (a)	Reference (b)	Unamortized CIAC (c)	CIAC Amortization (d)
1	12/31/17 Beginning Balance	Schedule G1	\$ (96,884,021)	Sch D1
2	ADD: Developer Advances - 12/31/17 Beginning Balance	Schedule G1	(3,122,203)	Sch D1
3	12/31/17 Beginning Balance - Adjusted		<u>\$ (100,006,224)</u>	
4				
5	<u>2018 CIAC Additions:</u>			
6	Baseline 5-Yr Average	Schedule G1	\$ (6,132,135)	Sch D1
7	Major Projects	Schedule G2	-	Sch D1
8	Net Additions		<u>\$ (6,132,135)</u>	
9				
10	<u>2018 CIAC Amortization:</u>			
11	Estimated Amortization	Schedule G3	\$ 3,431,646	\$ (3,431,646) Sch D1
12				
13	<b>12/31/18 Ending Balance</b>		<u><b>\$ (102,706,713)</b></u>	(3,431,646)
14			<i>To Sch D1, Line 12</i>	
15	LESS: CIAC Amortization in Current Revenues	Note 1		<u>(3,232,000)</u>
16				
17	<b>RAM Adjustment for CIAC Amortization</b>			<u><b>\$ (199,646)</b></u>
18				<i>To Sch E, p. 2, Line 102</i>

Note 1: See Parties's Joint Response to PUC-CA-IR-101 / PUC-HELCO-IR-106, Attachment 5, Page 2 of 4, of Docket No. 2015-0170, filed 07/14/17.  
See Docket No. 2015-0170, Direct Testimony HELCO-1601 page 1 of 1, line 3. Depreciation and Amortization Expense submitted was approved in Interim D&O No. 34766.

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**

**BASELINE CAPITAL PROJECTS CIAC ADDITIONS**

**Source of CIAC balance and amort.: December Monthly Reports filed (non-confidential basis) with the PUC dated:**

Line No.	Description (a)	2/21/2014		2/26/2015		2/23/2016		2/23/2017		3/1/2018	
		2013 (b)	2014 (c)	2015 (d)	2016 (e)	2017 (f)					
1	CIAC Balance, January 1 (Dec Rpt. pg. 10)	\$ (84,799,042)	\$ (89,762,888)	\$ (94,474,624)	\$ (95,297,753)	\$ (97,210,550)					
2	Less: CIAC Amortization (Dec Rpt. pg. 2)	2,766,490	2,955,035	3,142,029	3,232,226	3,357,714					
3	Less: CIAC Balance, December 31 (Dec Rpt. pg. 10)	89,762,888	94,474,624	95,297,753	97,210,550	96,884,021					To Sch G
4											
5	<b>Total CIAC Additions</b>	<b>\$ 7,730,336</b>	<b>\$ 7,666,771</b>	<b>\$ 3,965,158</b>	<b>\$ 5,145,023</b>	<b>\$ 3,031,185</b>					
6											
7	Add Developer Advances:										
8	<b>Total CIAC &amp; Developer Advance Additions</b>	<b>7,730,336</b>	<b>7,666,771</b>	<b>3,965,158</b>	<b>5,145,023</b>	<b>6,153,388</b>					To Sch G
9											
10	<u>Less Major Projects:</u>										
11											
12	2013 In-service:										
13	None										
14											
15	2014 In-Service:										
16	Keamuku-Keahole 6800 69 kV Line Phase 1	2012-0392	H0002509	-	-	-					
17	Keahole CT-4 Major Overhaul	2013-0144	H0002725	-	-	-					
18											
19	2015 In-service:										
20	None										
21											
22	2016 In-service:										
23	Keamuku-Keahole 6800 69 kV Line Phase 2	2012-0392	H0002612		-	-					
24	Keamuku-Keahole 6800 69 kV Line Phase 3	2012-0392	H0002668		-	-					
25	Keahole CT-5 Major Overhaul	2013-0144	H0002724		-	-					
26											
27	2017 In-service:										
28	Keamuku-Keahole 6800 69 kV Line Phase 4	2012-0392	H0002669							-	
29											
30											
	<b>Total Net CIAC &amp; Developer Advance Additions</b>	<b>\$ 7,730,336</b>	<b>\$ 7,666,771</b>	<b>\$ 3,965,158</b>	<b>\$ 5,145,023</b>	<b>\$ 6,153,388</b>					
	<b>Last Five-Year Average</b>									<b>\$ 6,132,135</b>	To Sch G

**GENERAL NOTE:**

The CIAC amounts of the major projects are from the respective year's GO7 plant addition annual reports. Refer to the Baseline Plant Additions Calculation worksheet for the dates of the report filings. The total CIAC additions reflect actual contributions received in the year, and therefore may not include the total major project CIAC from the GO 7 report to the extent that the CIAC was received in advance, or in multiple payments over a span of more than one year.

Note 1: In 2017, the Company reclassified the portion of CIAC for projects where the cash balance received was in excess of total incurred costs since the project agreements include provisions which allow for instances that unapplied funds received in advance would be subject to refunds. The true-up provision allows for any excess funds not expended to be refunded back to the developer. Furthermore, between the timing of the cash receipt to the project completion date, the project could be terminated, which would then result in refund of the unapplied funds. See below for a reconciliation of the Customer Advance balance at December 31, 2017:

Customer Advances	(12,737,827)
Developer Advances (#25203000)	(3,122,203)
Customer Advances	(15,860,030)

SOURCE: HELC Monthly Financial Report - December 2017, page 10, filed March 1, 2018.

The unapplied developer funds received in advance (Developer Advances) are excluded from the CIAC balance subject to amortization until they are reclassified to CIAC as costs are incurred. Developer Advances are included in the calculation of the Last Five-Year Average because they represent funds received in advance and are expected to be reclassified to CIAC as costs are incurred in the current year.

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**MAJOR CAPITAL PROJECT CIAC ADDITIONS**

Line No.	Description (a)	PUC Docket Reference (b)	Estimated In Service Date (c)	Amount (d)
1	<u>2018 Major Capital Project CIAC Additions by Project:</u>			
2	None			\$ -
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13	<b>Total Major Project CIAC Additions for 2018 RAM</b>			<b>\$ -</b>
				<i>To Sch G</i>

**HAWAII ELECTRIC LIGHT COMPANY, INC**  
**DECOUPLING CALCULATION WORKBOOK**  
**CIAC AMORTIZATION**

Line No.	Description (a)	2016 Balance (b)	2017		2018 Amortization
			Amortization (c)	Balance (d)	
1	<u>CIAC by Vintage:</u>				
2	1981	\$ 27,555.46	\$ (4,566.00)	\$ 22,989.46	\$ (4,566.00)
3	1982	36,891.11	(5,244.00)	31,647.11	(5,244.00)
4	1983	31,321.17	(3,898.00)	27,423.17	(3,898.00)
5	1984	221,798.75	(24,547.00)	197,251.75	(24,547.00)
6	1985	144,278.86	(14,376.00)	129,902.86	(14,376.00)
7	1986	240,437.24	(21,787.00)	218,650.24	(21,787.00)
8	1987	556,184.57	(46,211.00)	509,973.57	(46,211.00)
9	1988	303,146.17	(23,255.00)	279,891.17	(23,255.00)
10	1989	570,988.03	(40,681.00)	530,307.03	(40,681.00)
11	1990	1,674,760.18	(111,386.00)	1,563,374.18	(111,386.00)
12	1991	1,145,354.07	(71,425.00)	1,073,929.07	(71,425.00)
13	1992	2,440,371.84	(143,251.00)	2,297,120.84	(143,251.00)
14	1993	852,838.59	(47,286.00)	805,552.59	(47,286.00)
15	1994	1,246,359.01	(65,475.00)	1,180,884.01	(65,475.00)
16	1995	882,948.54	(44,069.00)	838,879.54	(44,069.00)
17	1996	1,338,953.10	(63,652.00)	1,275,301.10	(63,652.00)
18	1997	845,049.60	(38,349.00)	806,700.60	(38,349.00)
19	1998	431,416.06	(18,728.00)	412,688.06	(18,728.00)
20	1999	3,344,463.00	(139,146.00)	3,205,317.00	(139,146.00)
21	2000	2,514,390.29	(100,432.00)	2,413,958.29	(100,432.00)
22	2001	2,247,553.43	(86,326.00)	2,161,227.43	(86,326.00)
23	2002	2,213,486.38	(81,873.00)	2,131,613.38	(81,873.00)
24	2003	3,065,135.69	(109,330.00)	2,955,805.69	(109,330.00)
25	2004	1,852,953.91	(63,817.00)	1,789,136.91	(63,817.00)
26	2005	2,453,046.22	(81,671.00)	2,371,375.22	(81,671.00)
27	2006	4,397,850.69	(141,703.00)	4,256,147.69	(141,703.00)
28	2007	4,771,540.95	(148,945.00)	4,622,595.95	(148,945.00)
29	2008	5,072,335.91	(153,541.00)	4,918,794.91	(153,541.00)
30	2009	5,909,276.88	(173,620.00)	5,735,656.88	(173,620.00)
31	2010	5,427,259.11	(154,907.00)	5,272,352.11	(154,907.00)
32	2011	6,109,486.33	(169,708.00)	5,939,778.33	(169,708.00)
33	2012	9,623,419.00	(260,092.00)	9,363,327.00	(260,092.00)
34	2013	7,164,701.00	(188,545.00)	6,976,156.00	(188,545.00)
35	2014	7,292,783.00	(186,994.00)	7,105,789.00	(186,994.00)
36	2015	3,607,865.06	(90,197.00)	3,517,668.06	(90,197.00)
37	2015 - Land	267,096.00	-	267,096.00	-
38	2016	5,145,022.87	(125,488.00)	5,019,534.87	(125,488.00)
39	2017	-	-	3,031,185.84	(73,932.00)
40					
41					
42	<u>CIAC GET Adjustment:</u>				
43	-adj 92-96 GET				
44	-adj 97 GET				
45	-adj 98 GET				
46	-adj 99 GET				
47	-adj 00 GET				
48	-adj 01 GET				
49	-adj 02 GET				
50	-adj 03 GET				
51	-adj 04 GET				
52	-adj 05 GET				
53	-adj 06 GET				
54	-adj 07 GET				
55	-adj 08 GET				
56	-adj 09 GET				
57	-adj 10 GET				
58	-adj 11 GET				
59	-adj 12 GET				
60					
61					
62	<u>In - Kind CIAC:</u>				
63	1988	134,808.95	(10,341.00)	124,467.95	(10,341.00)
64	1989	182,471.09	(13,001.00)	169,470.09	(13,001.00)

**HAWAII ELECTRIC LIGHT COMPANY, INC**  
**DECOUPLING CALCULATION WORKBOOK**  
**CIAC AMORTIZATION**

Line No.	Description (a)	2016	2017		2018
		Balance (b)	Amortization (c)	Balance (d)	Amortization
65	1990	565,095.64	(37,584.00)	527,511.64	(37,584.00)
66	1991	521,581.50	(32,527.00)	489,054.50	(32,527.00)
67	1992	336,274.26	(19,740.00)	316,534.26	(19,740.00)
68	1993				
69	1994				
70	1995				
71	1996				
72	1997				
73	1998				
74	1999				
75	2000				
76	2001				
77	2002				
78	2003				
79	2004				
80	2005				
81	2006				
82	2007				
83	2008				
84	2009				
85	2010				
86	2011				
87	2012				
88	2013				
89	2014				
90	2015				
91	2016				
92	2017				
93					
94	<b>Total CIAC Amortization for 2018 RAM</b>	<b>\$ 97,210,550</b>	<b>\$ (3,357,714)</b>	<b>\$ 96,884,021</b>	<b>\$ (3,431,646)</b>

To Sch G



**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**EARNINGS SHARING CALCULATIONS**  
(\$ in Thousands)

Line No.	Description (a)	Reference (b)	Ratemaking Basis Return on Equity		
			Operating Income (c)	Rate Base (d)	Rate of Return (e)
1	Reported Operating Income before ratemaking adj.	Dec 2017 Monthly PUC Report, p. 2A, filed 3/1/18 & HELCO-WP-H-001	\$ 31,726	\$ 489,594	
2	<u>Ratemaking Adjustments to Line 1:</u>				
2a	Incentive Compensation Expenses (net of tax)	HELCO-WP-H-002	289		
2b	Discretionary and Other Expenses Not Recoverable (net of tax)	HELCO-WP-H-002	91		
2c	Amortization of investment income differential	HELCO-WP-H-003	24		
2d	Income tax on items to be replaced by synchronized interest	HELCO-WP-H-003	(4,470)		
2e	Remove Accrued Earnings Sharing Refund	HELCO-WP-H-005	-		
2f	Special Medical Needs Program Discount (net of tax)	HELCO-WP-H-007	11		
3	Ratemaking Basis Amounts - Post Tax	Sum Lines 1 & 2	\$ 27,670	\$ 489,594	
4	<u>Ratemaking Capitalization</u>		Balances	Ratios	Cost Rate
5	Short-Term Debt (12 mo. Avg)		\$ -	0.00%	0.00%
6	Long-Term Debt (Simple Avg)		\$ 202,574	39.88%	5.38%
7	Hybrid Securities (Simple Avg)		\$ 9,552	1.88%	7.19%
8	Preferred Stock (Simple Avg)		\$ 6,728	1.32%	8.16%
9	Common Equity (Simple Avg)		\$ 289,049	56.91%	9.50%
10	Total Capitalization	HELCO-WP-H-004	\$ 507,903	100.00%	7.80%
11	Line 3 Rate Base Amount			\$ 489,594	
12	Weighted Cost of Debt (Sum Lines 5-7)			2.28%	
13	Synchronized Interest Expense			\$ 11,159	
13a	Income Tax Factor (Note 1)			1.636929121	
13a	Synchronized Interest Expense, net of tax			\$ 6,817	
14	Post Tax Income Available for Preferred & Common (Line 3 - Line 13a)				\$ 20,853
15	Less: Preferred Income Requirement (Line 8 Weighted Cost times Rate Base)				\$ 529
16	Income Available for Common Stock				\$ 20,324
17	Ratemaking Equity Investment (Line 9 Ratio times Rate Base)				\$ 278,629
18	Return on Equity for Decoupling Earnings Sharing (Line 16/Line 17)				7.29%
19	<u>Earnings Sharing Revenue Credits:</u>		Basis Points		
20	Achieved ROE (basis points)		729		
21	Authorized Return (basis points) (Interim D&O 34766 in Dkt No. 2015-0170, filed on 08/21/17)		950		
22	ROE for sharing (basis points)		-		
23	Sharing Grid per RAM Provision		First 100 bp	Next 200 bp	All over 300 bp
24	Distribution of Excess ROE (basis points)		0	0	0
25	Ratepayer Share of Excess Earnings		25%	50%	90%
26	Ratepayer Earnings Share - Basis Points		-	-	-
27	Revenue Credit per Basis Point (Note 2)				\$ 50
28	Earnings Sharing Revenue Credits (thousands)				\$ -
					To Sch A
Note 1:	Composite Federal & State Income Tax Rate		38.91%		
	Income Tax Factor ( 1 / 1-tax rate)		1.636929121		
Note 2:	Ratemaking Equity Investment (line 19)		\$ 278,629		
	Basis Point = 1/100 of a percent		0.01%		
	Earnings Required per Basis Point (thousands)		\$ 27.86		
	Times: Income Tax Conversion Factor		1.636929121		
	Pretax Income Required per Basis Point (thousands)		\$ 46		
	Times: Revenue Tax Conversion Factor		1.0975		
	Revenue Requirement per Basis Point (thousands)		\$ 50		

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**PUC-ORDERED ADJUSTMENTS**

Line No.	Description	Reference		
	(a)	(b)	(c)	(d)

This Schedule has not been developed yet and will be developed only when/as needed.

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF RAM CAP**

Line No.	Description (a)	Reference (b)	Amount \$000 (c)
1	Last Rate Order Target Annual Revenues	Schedule B1	\$ 146,020
2	2017 GDP Price Index	3/31/17 Decoupling, HELCO-WP-C-002	2.00%
3	RAM Cap for 2017 RAM Revenue Adjustment, excluding Exceptional & Other Matters	Line 1 x Line 2	\$ 2,920
4	2017 Target Revenues subject to escalation	Line 1 + Line 3	\$ 148,940
5	2018 GDP Price Index	HELCO-WP-C-002	2.10%
6	2018 RAM Cap Increase excluding Exceptional & Other Matters	Line 4 x Line 5	\$ 3,128
7	RAM Cap for 2017 RAM Revenue Adjustment	Line 3	\$ 2,920
8	RAM Cap for 2018 RAM Revenue Adjustment	Line 6 + Line 7	\$ 6,048
9	Revenue Tax Factor (1/(1-8.885%))		1.0975
10	RAM Cap for 2018 RAM Revenue Adjustment, excluding Exceptional & other Matters	Line 8 x Line 9	6,638
			<u>To Sch A1</u>

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**EXCEPTIONAL & OTHER MATTERS**

Line No.	Description	Reference	Amount \$000
	(a)	(b)	(c)
1			-
2	2018 Revenue Adjustment for Exceptional & Other Matters		\$ -
			<i>To Sch A1</i>

Note 1     Exceptional and Other Matters:  
 See Order No. 32735, filed March 31, 2015, paragraph 107, page 94 - 95:  
 "The Basis used in determining the RAM Cap shall be adjusted to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically ordered by the commission, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Cap."

Footnote 149 stipulates that such applicable matters include adjustments accounting for CT-1 costs (for Hawaiian Electric) and CIS costs (for all of the Hawaiian Electric Companies) as provided in a stipulated agreement approved by the Commission as amended in Order No. 31126 in Docket No. 2008-0083.

In Hawaii Electric Light Company, Inc. PUC Interim Decision and Order No. 34766, Exhibit B, page 1 of 2, filed August 21, 2017 in Docket No. 2015-0170, HELCO 2016 Test Year Rate Base included CIS Deferred costs in Unamortized System Development Costs. Accordingly, inclusion of CIS costs as an Exceptional & Other Matter is not applicable for the 2018 Annual Decoupling filing.

Hawaii Electric Light Company, Inc.  
Sales Forecast for June 2018 to May 2019  
in GWh

	2018							2019					Total
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
R	28.9	31.6	32.0	29.1	30.9	30.2	33.7	32.7	26.8	30.7	28.7	28.3	363.5
G/J	33.0	35.3	35.9	34.6	36.2	33.5	33.5	31.6	31.2	32.9	32.5	34.4	404.7
P	22.5	22.6	23.0	22.5	22.5	22.1	21.5	22.6	21.3	22.3	22.2	22.3	267.5
F	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.3	2.8
Total	84.6	89.7	91.1	86.4	89.8	86.0	88.9	87.1	79.5	86.2	83.7	85.3	1,038.4
													To Sch A

Source: Hawaii Electric Light Company, Inc. Sales Forecast completed in May 2017.

Hawaii Electric Light Company, Inc.  
Adjustment For Prior Year RBA Accrual  
Recovery of 12/31/15 RBA Balance

Line No.		2017					Total
		January	February	March	April	May	
1	Billed RBA Revenues	\$1,266,039.17	\$1,181,918.04	\$1,191,028.53	\$1,247,502.52	\$1,223,518.19	6,110,006
2	Net Unbilled Revenues	(31,546)	(47,472)	83,512	(15,035)	26,281	15,739
3	Total billed + Unbilled	1,234,493	1,134,446	1,274,540	1,232,467	1,249,799	6,125,746
4	x % Share for RBA	40.3283%	40.3283%	40.3283%	40.3283%	40.3283%	
5	RBA Revenues (Recovery of 12/31/15 RBA balance)	497,850	457,503	514,000	497,033	504,023	2,470,409
6		Schedule B2					→
7	Less: Revenue Taxes	(44,234)	(40,649)	(45,669)	(44,161)	(44,782)	(219,495)
8	RBA Revenues (Recovery of 12/31/15 RBA balance), net of Revenue Taxes	453,616	416,854	468,331	452,872	459,241	2,250,914
9		Schedule B					→

\* Differences are due to rounding

Note 1: RBA rate adjustment revenues per the Billed reports and Unbilled reports include both RBA and RAM revenues. Therefore, an allocation % is utilized to determine RBA revenues.

Note 2: RBA Rate Adjustment Allocation for June 1, 2016 - May 31, 2017 is per Transmittal No. 16-02 (Decoupling) - RBA Rate Adjustment (Filed May 24, 2016), Schedule A, Note (1)

**Hawaii Electric Light Company, Inc.**  
**Adjustment for Prior Year RBA Accrual**  
**Recovery of 12/31/16 RBA Balance**

Line No.		2017										Total
		June	July	August 1-30	August 31	September	October	November	December			
1	Billed RBA Revenues	Note 1	\$ 1,251,846	\$ 1,309,926	\$ 1,285,109	\$ 42,837	\$ 962,641	\$ 562,934	\$ 570,790	\$ 547,843	6,533,927	
2	Net Unbilled Revenues	Note 1	2,773	30,891	30,354	1,012	(414,862)	19,682	(16,134)	1,794	(344,491)	
3	Total billed + Unbilled		1,254,619	1,340,817	1,315,462	43,849	547,779	582,617	554,656	549,637	6,189,436	
4	x % Share for RBA	Note 2	21.9542%	21.9542%	21.9542%	50.5363%	50.5363%	50.5363%	50.5363%	50.5363%		
5	RBA Revenues (Recovery of 12/31/16 RBA balance)		\$ 275,442	\$ 294,366	\$ 288,799	\$ 22,160	\$ 276,827	\$ 294,433	\$ 280,303	\$ 277,766	2,010,096	
6			Schedule B2									→
7	Less: Revenue Taxes	0.08885	(24,473)	(26,154)	(25,660)	(1,969)	(24,596)	(26,160)	(24,905)	(24,680)	(178,597)	
8	RBA Revenues (Recovery of 12/31/16 RBA Balance),		\$ 250,969	\$ 268,212	\$ 263,139	\$ 20,191	\$ 252,231	\$ 268,273	\$ 255,398	\$ 253,086	1,831,499	
9	net of Revenue Taxes		Schedule B									→

\* Differences are due to rounding

Note 1: RBA rate adjustment revenues per the Billed reports and Unbilled reports include both RBA and RAM revenues. Therefore, an allocation % is utilized to determine RBA revenues.

Note 2: RBA Rate Adjustment Allocation for June 1, 2017 - August 30, 2018 is per Transmittal No. 17-03 (Decoupling) - RBA Rate Adjustment (Filed Mar 31, 2017), Schedule A, Note (1).

RBA Rate Adjustment Allocation for August 31, 2018 - December 31, 2018 is per Docket No. 2015-0170, HELCO 2016 TY Rate Case Interim Increase Tariff Sheets (Filed 8/23/17), Exhibit E, Note (1)

HELCO-WP-B-002  
HAWAII ELECTRIC LIGHT COMPANY, INC.  
MAY 2017 ADJUSTMENT - CUSTOMER BILLING ADJUSTMENT DUE TO CHANGE OF RATE SCHEDULE FROM G TO R

REVENUE BALANCING ACCOUNT - REVENUE TRACKER

	Pro-Rated Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
L1 Monthly Target Revenue	8,098,842	11,556,082	11,210,037	11,758,125	12,030,111	11,417,861	11,703,653	11,241,014	11,567,157	11,294,966	10,301,483	11,376,512
L2 Recorded Adjusted Revenue	8,170,231	11,274,727	10,458,507	11,223,264	11,330,131	10,601,840	11,226,657	10,791,966	11,156,413	11,163,934	9,931,578	11,215,914
L3 Target vs. Actual Revenue	(70,389)	281,355	751,530	534,861	699,980	816,021	476,996	449,048	410,744	131,062	369,905	160,598
L4 Reversal of Previous Year Accrual *	-	-	-	-	-	-	-	-	-	-	-	-
L5 Net RBA Change	(70,389)	281,355	751,530	534,861	699,980	816,021	476,996	449,048	410,744	131,062	369,905	160,598
Adjustment(s) to Beginning Balance	-	-	-	-	-	-	17,228	-	(5,710)	36,368	31,148	5,658
L6 Beginning RBA Balance	-	(70,565)	211,141	965,606	1,506,632	2,215,895	3,062,264	3,555,784	4,018,003	4,466,232	4,671,201	5,071,045
L7 End Balance Before Interest	(70,389)	210,790	962,671	1,500,467	2,206,612	3,031,916	3,539,260	4,004,812	4,428,747	4,617,294	5,041,106	5,231,643
L8 Balance Subject to Interest	(35,195)	70,113	586,906	1,233,037	1,856,622	2,623,906	3,300,762	3,780,288	4,223,375	4,551,763	4,856,154	5,151,344
L9 Interest	(176)	351	2,835	6,165	9,283	13,120	16,504	18,901	21,117	22,759	24,281	25,757
L10 Ending RBA Balance	(70,565)	211,141	965,606	1,506,632	2,215,895	3,045,036	3,555,764	4,023,713	4,449,864	4,640,053	5,065,387	5,257,400
Principal Portion 18670301	(70,389)	210,966	962,496	1,497,357	2,197,337	3,013,358	3,507,507	3,956,555	4,361,241	4,528,021	4,928,689	5,084,945
Interest Portion 18670302	(176)	175	3,110	9,275	18,558	31,678	48,257	67,158	88,623	112,032	136,688	162,455
Total	(70,565)	211,141	965,606	1,506,632	2,215,895	3,045,036	3,555,764	4,023,713	4,449,864	4,640,053	5,065,387	5,257,400
Revenues charged in incorrect period adjustment	38	38	38	38	38	39	37	37	39	38	38	38
Tax rate	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%
Net of tax	35	35	35	34	34	35	33	33	35	35	35	34
Revenue tax adjustment	-	3	3	3	3	3	3	3	3	3	3	3
Target vs Actual Difference:												
Per original calculation	8,170,231	11,274,762	10,458,542	11,223,298	11,330,165	10,601,875	11,226,690	10,791,969	11,156,448	11,163,969	9,931,613	11,215,948
Adjustment for billing error	(35)	(35)	(35)	(35)	(34)	(35)	(33)	(33)	(35)	(35)	(35)	(34)
Revised Revenues	8,170,231	11,274,727	10,458,507	11,223,264	11,330,131	10,601,840	11,226,657	10,791,966	11,156,413	11,163,934	9,931,578	11,215,914
Revised Adjustment	(70,389)	281,355	751,530	534,861	699,980	816,021	476,996	449,048	410,744	131,062	369,905	160,598
RBA Adjustment Recorded	(70,389)	281,320	751,495	534,826	699,946	815,986	476,963	449,015	410,709	131,027	369,870	160,564
RBA Adjustment	-	35	35	35	34	35	33	33	35	35	35	34

Note 1:

In connection with Decision and Order No. 31908 on Schedule A of the Decoupling Investigation, issued on February 7, 2014, the Company received approval on April 28, 2014 from the Internal Revenue Service to change its tax treatment of RBA revenues from the book accrual method of revenue balancing account (RBA) revenue recognition to a recognition method based on when rates are adjusted and revenues are collected, effective January 1, 2014. Accordingly, starting with May 2014, interest is calculated based on a net-of-income tax RBA balance, and the following income tax factor is used in the calculation.

Income Tax Factor ( 1 / 1-tax rate) 1.636929121

Note 2:

Totals may not add exactly due to rounding.

Note 3:

The Company recorded an adjustment to the RBA related to a customer billing adjustment due to a G to R rate change that was processed in May 2017. The Company recalculated the RBA based on the billing adjustment in the prior months incurred. No interest impact was calculated as the adjustment did not meet the interest recalculation threshold of \$50,000 per the Revenue Balancing Account provision tariff.



HELCO-WP-B-002  
HAWAII ELECTRIC LIGHT COMPANY, INC.  
MAY 2017 ADJUSTMENT - CUSTOMER BILLING ADJUSTMENT DUE TO CHANGE OF RATE SCHEDULE FROM G TO R

REVENUE BALANCING ACCOUNT - REVENUE TRACKER

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
L1 Monthly Target Revenue	10,886,659	11,390,130	11,278,173	11,926,979	12,203,067	11,581,870	11,871,762	11,402,413	11,733,718	11,457,630	10,449,911	11,540,457
L2 Recorded Adjusted Revenue	10,715,584	11,005,165	10,701,096	11,360,985	11,594,814	10,984,413	11,256,479	10,964,078	11,250,292	11,097,553	10,140,093	11,245,594
L3 Target vs. Actual Revenue	171,075	384,965	577,087	565,994	608,253	597,457	615,283	438,335	483,426	360,077	300,818	294,863
L4 Reversal of Previous Year Accrual *	-	-	(351,088)	(372,772)	(378,158)	(380,428)	(389,003)	(359,349)	(367,943)	(359,759)	(325,767)	(359,088)
L5 Net RBA Change	171,075	384,965	225,989	193,222	230,095	237,029	246,280	78,986	115,483	318	(24,949)	(64,225)
Adjustment(s) to Beginning Balance	-	915	6,243	(1,427)	-	7,505	-	14,590	(18,778)	16,077	-	5,265
L6 Beginning RBA Balance	5,257,400	5,456,105	5,875,556	6,130,061	6,354,416	6,824,363	6,895,106	7,191,067	7,287,428	7,455,714	7,493,311	7,511,031
L7 End Balance Before Interest	5,428,475	5,841,070	6,101,545	6,323,283	6,584,511	6,861,392	7,141,386	7,270,053	7,402,911	7,456,032	7,468,362	7,446,806
L8 Balance Subject to Interest	5,342,938	5,648,588	5,988,551	6,226,672	6,469,464	6,742,878	7,018,246	7,230,580	7,345,170	7,455,873	7,480,837	7,478,919
L9 Interest	26,715	28,243	29,943	31,133	32,347	33,714	35,091	36,153	36,726	37,279	37,404	20,255
L10 Ending RBA Balance	5,455,190	5,869,313	6,131,488	6,354,416	6,616,858	6,895,106	7,176,477	7,306,206	7,439,637	7,493,311	7,505,766	7,467,061
Principal Portion 18670301	5,266,020	5,651,900	5,884,132	6,075,927	6,306,022	6,550,161	6,796,441	6,889,982	6,987,843	7,004,238	6,979,289	6,920,329
Interest Portion 18670302	189,170	217,413	247,356	278,489	310,836	344,945	380,036	416,224	451,794	489,073	526,477	546,732
Total	5,455,190	5,869,313	6,131,488	6,354,416	6,616,858	6,895,106	7,176,477	7,306,206	7,439,637	7,493,311	7,505,766	7,467,061
Revenues charged in incorrect period adjustment	38	38	39	37	38	38	38	38	39	39	38	37
Tax rate	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%
Net of tax	34	35	35	33	35	35	35	35	35	35	35	34
Revenue tax adjustment	3	3	3	3	3	3	3	3	3	3	3	3
Target vs Actual Difference:												
Per original calculation	10,715,618	11,005,200	10,701,121	11,361,018	11,594,849	10,984,448	11,256,514	10,964,113	11,250,327	11,097,588	10,149,128	11,245,628
Adjustment for billing error	(34)	(35)	(35)	(33)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(34)
Revised Revenues	10,715,584	11,005,165	10,701,086	11,360,985	11,594,814	10,984,413	11,256,479	10,964,078	11,250,292	11,097,553	10,149,093	11,245,594
Revised Adjustment	171,075	384,965	577,087	565,994	608,253	597,457	615,283	438,335	483,426	360,077	300,818	294,863
RBA Adjustment Recorded	171,041	384,930	577,052	565,961	608,218	597,422	615,248	438,300	483,391	360,042	300,783	294,829
RBA Adjustment	34	35	35	33	35	35	35	35	35	35	35	34

Note 1:

In connection with Decision and Order No. 31908 on Schedule A of the Decoupling Investigation, issued on February 7, 2014, the Company received approval on April 28, 2014 from the Internal Revenue Service to change its tax treatment of RBA revenues from the book accrual method of revenue balancing account ("RBA") revenue recognition to a recognition method based on when rates are adjusted and revenues are collected, effective January 1, 2014. Accordingly, starting with May 2014, interest is calculated based on a net-of-income tax RBA balance, and the following income tax factor is used in the calculation.

Income Tax Factor ( 1 / 1-tax rate) 1.636929121

Note 2:

Totals may not add exactly due to rounding.

Note 3:

The Company recorded an adjustment to the RBA related to a customer billing adjustment due to a G to R rate change that was processed in May 2017. The Company recalculated the RBA based on the billing adjustment in the prior months incurred. No interest impact was calculated as the adjustment did not meet the interest recalculation threshold of \$50,000 per the Revenue Balancing Account provision tariff.

HELCO-WP-B-002  
HAWAII ELECTRIC LIGHT COMPANY, INC.  
MAY 2017 ADJUSTMENT - CUSTOMER BILLING ADJUSTMENT DUE TO CHANGE OF RATE SCHEDULE FROM G TO R

REVENUE BALANCING ACCOUNT - REVENUE TRACKER

	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
L1 Monthly Target Revenue	11,043,499	11,554,261	11,635,604	12,304,971	12,589,809	11,948,925	12,248,004	11,763,781	12,105,885	11,820,748	10,781,092	11,906,199
L2 Recorded Adjusted Revenue	10,877,103	11,017,867	11,051,256	11,813,290	11,773,978	11,244,797	11,753,958	11,162,270	11,407,824	10,985,901	10,403,615	11,426,429
L3 Target vs. Actual Revenue	166,396	536,394	584,348	491,681	815,831	704,128	494,046	601,511	697,061	824,847	377,477	479,770
L4 Reversal of Previous Year Accrual *	(349,480)	(357,105)	(805,866)	(654,845)	(653,039)	(624,827)	(653,264)	(616,455)	(625,597)	(600,503)	(666,216)	(615,975)
L5 Net RBA Change	(183,084)	179,289	(215,18)	(162,964)	162,792	79,301	(159,218)	(14,944)	72,364	224,344	(188,739)	(136,205)
Adjustment(s) to Beginning Balance	(9,446)	(45,763)	1,910	-	1,751	-	5,060	4,613	-	8,719	-	(1,109)
L6 Beginning RBA Balance	7,457,615	7,248,718	7,442,058	7,432,835	7,243,785	7,458,763	7,555,530	7,413,294	7,410,603	7,504,007	7,740,952	7,563,755
L7 End Balance Before Interest	7,274,531	7,428,007	7,420,540	7,269,871	7,446,577	7,538,064	7,396,312	7,398,350	7,482,967	7,728,351	7,552,213	7,427,550
L8 (L6 + L7) + 2 + [1]	7,366,073	4,483,005	4,539,780	4,490,942	4,499,389	4,580,742	4,567,040	4,524,217	4,549,241	4,652,724	4,671,297	4,579,094
L9 L8 * 3.25% + 12	19,950	12,141	12,295	12,163	12,186	12,406	12,369	12,253	12,321	12,601	12,651	12,402
L10 L7 + L9	7,294,481	7,440,148	7,432,835	7,282,034	7,458,763	7,550,470	7,408,681	7,410,603	7,495,288	7,740,952	7,564,864	7,439,952
Principal Portion 18670301	6,727,799	6,906,176	6,886,568	6,723,604	6,888,147	6,967,448	6,813,290	6,802,959	6,875,323	7,108,396	6,919,647	6,782,333
Interest Portion 18670302	566,682	533,972	546,267	558,430	570,616	583,022	595,391	607,644	619,965	632,566	645,217	657,619
Total	7,294,481	7,440,148	7,432,835	7,282,034	7,458,763	7,550,470	7,408,681	7,410,603	7,495,288	7,740,952	7,564,864	7,439,952
Revenues charged in incorrect period adjustment	38	38	38	38	39	38	38	37	37	38	39	39
Tax rate	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%
Net of tax	35	35	34	35	35	35	35	34	34	35	35	35
Revenue tax adjustment	3	3	3	3	3	3	3	3	3	3	3	3
Target vs Actual Difference:												
Per original calculation	10,877,138	11,017,902	11,051,290	11,813,325	11,774,013	11,244,832	11,753,993	11,162,304	11,407,858	10,995,936	10,403,650	11,426,464
Adjustment for billing error	(35)	(35)	(34)	(35)	(35)	(35)	(35)	(34)	(34)	(35)	(35)	(35)
Revised Revenues	10,877,103	11,017,867	11,051,256	11,813,290	11,773,978	11,244,797	11,753,958	11,162,270	11,407,824	10,995,901	10,403,615	11,426,429
Revised Adjustment	166,396	536,394	584,348	491,681	815,831	704,128	494,046	601,511	697,061	824,847	377,477	479,770
RBA Adjustment Recorded	166,361	536,359	584,314	491,646	815,796	704,093	494,011	601,477	697,027	824,812	377,442	479,735
RBA Adjustment	35	35	34	35	35	35	35	34	34	35	35	35

Note 1:

In connection with Decision and Order No. 31008 on Schedule A of the Decoupling Investigation, issued on February 7, 2014, the Company received approval on April 28, 2014 from the Internal Revenue Service to change its tax treatment of RBA revenues from the book accrual method of revenue balancing account (RBA) revenue recognition to a recognition method based on when rates are adjusted and revenues are collected, effective January 1, 2014. Accordingly, starting with May 2014, interest is calculated based on a net-of-income tax RBA balance, and the following income tax factor is used in the calculation.

Income Tax Factor ( 1 / 1-tax rate) 1.636929121

Note 2:

Totals may not add exactly due to rounding.

Note 3:

The Company recorded an adjustment to the RBA related to a customer billing adjustment due to a G to R rate change that was processed in May 2017. The Company recalculated the RBA based on the billing adjustment in the prior months incurred. No interest impact was calculated as the adjustment did not meet the interest recalculation threshold of \$50,000 per the Revenue Balancing Account provision tariff.

HELCO-WP-B-002  
HAWAII ELECTRIC LIGHT COMPANY, INC.  
MAY 2017 ADJUSTMENT - CUSTOMER BILLING ADJUSTMENT DUE TO CHANGE OF RATE SCHEDULE FROM G TO R

REVENUE BALANCING ACCOUNT - REVENUE TRACKER

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
L1 Monthly Target Revenue	11,393,492	11,920,441	11,642,774	12,429,089	12,716,008	12,069,162	12,371,592	11,882,296	12,227,848	11,939,793	10,888,898	12,026,039
L2 Recorded Adjusted Revenue	11,190,839	11,150,297	11,065,090	12,214,235	12,404,196	11,740,710	12,075,203	11,643,959	11,717,593	11,520,495	10,938,065	11,735,984
L3 Target vs. Actual Revenue	202,653	770,144	577,684	214,854	311,812	328,452	296,389	238,337	510,255	419,298	(48,167)	290,055
L4 Reversal of Previous Year Accrual *	(603,738)	(608,585)	(484,725)	(689,932)	(688,959)	(665,561)	(679,031)	(651,918)	(656,372)	(638,938)	(599,292)	(648,155)
L5 Net RBA Change	(407,085)	161,559	92,969	(475,078)	(387,147)	(337,109)	(382,642)	(413,581)	(146,117)	(219,640)	(647,459)	(358,100)
Adjustment(s) to Beginning Balance	-	-	-	-	-	-	1,260	55	6,577	-	-	-
L6 Beginning RBA Balance	7,439,952	7,050,845	7,224,203	7,329,202	6,865,857	6,489,749	6,164,359	5,791,601	5,393,837	5,256,523	5,045,398	4,405,751
L7 End Balance Before Interest	7,038,867	7,212,404	7,317,172	6,854,124	6,478,710	6,152,640	5,781,718	5,376,020	5,247,720	5,036,893	4,397,939	4,047,652
L8 Balance Subject to Interest	4,422,555	4,356,710	4,441,663	4,332,297	4,076,098	3,861,618	3,648,929	3,411,781	3,250,463	3,144,121	2,884,467	2,582,092
L9 Interest	11,978	11,799	12,030	11,733	11,039	10,459	9,828	9,240	8,903	8,515	7,812	6,993
L10 Ending RBA Balance	7,050,845	7,224,203	7,329,202	6,865,857	6,489,749	6,163,099	5,791,546	5,387,260	5,256,523	5,045,398	4,405,751	4,054,645
Principal Portion 18670301	6,381,248	6,542,807	6,635,776	6,160,698	5,773,551	5,436,442	5,055,061	4,641,480	4,501,940	4,282,300	3,634,841	3,276,742
Interest Portion 18670302	669,597	681,396	693,426	705,159	716,198	726,657	736,485	745,780	754,583	763,098	770,910	777,903
Total	7,050,845	7,224,203	7,329,202	6,865,857	6,489,749	6,163,099	5,791,546	5,387,260	5,256,523	5,045,398	4,405,751	4,054,645
Revenues charged in incorrect period adjustment	38	39	38	38	37	37	37	37	39	39	39	39
Tax rate	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%
Net of tax	35	35	35	35	34	33	33	34	35	35	35	35
Revenue tax adjustment	3	3	3	3	3	3	3	3	3	3	3	3
Target vs Actual Difference:												
Per original calculation	11,190,874	11,150,332	11,065,115	12,214,270	12,404,230	11,740,743	12,075,236	11,643,993	11,717,628	11,520,530	10,938,100	11,736,019
Adjustment for billing error	(35)	(35)	(35)	(35)	(34)	(33)	(33)	(34)	(35)	(35)	(35)	(35)
Revised Revenues	11,190,839	11,150,297	11,065,080	12,214,235	12,404,196	11,740,710	12,075,203	11,643,959	11,717,593	11,520,495	10,938,065	11,735,984
Revised Adjustment	202,653	770,144	577,684	214,854	311,812	328,452	296,389	238,337	510,255	419,298	(48,167)	290,055
RBA Adjustment Recorded	202,618	770,109	577,659	214,819	311,778	328,419	296,356	238,303	510,220	419,263	(48,202)	290,020
RBA Adjustment	35	35	35	35	34	33	33	34	35	35	35	35

Note 1:  
In connection with Decision and Order No. 31908 on Schedule A of the Decoupling Investigation, issued on February 7, 2014, the Company received approval on April 28, 2014 from the Internal Revenue Service to change its tax treatment of RBA revenues from the book accrual method of revenue balancing account (RBA) revenue recognition to a recognition method based on when rates are adjusted and revenues are collected, effective January 1, 2014. Accordingly, starting with May 2014, interest is calculated based on a net-of-income tax RBA balance, and the following income tax factor is used in the calculation.  
Income Tax Factor ( 1 / 1-tax rate) 1.636929121

Note 2:  
Totals may not add exactly due to rounding.

Note 3:  
The Company recorded an adjustment to the RBA related to a customer billing adjustment due to a G to R rate change that was processed in May 2017. The Company recalculated the RBA based on the billing adjustment in the prior months incurred. No interest impact was calculated as the adjustment did not meet the interest recalculation threshold of \$50,000 per the Revenue Balancing Account provision tariff.

HELCO-WP-B-002  
HAWAII ELECTRIC LIGHT COMPANY, INC.  
MAY 2017 ADJUSTMENT - CUSTOMER BILLING ADJUSTMENT DUE TO CHANGE OF RATE SCHEDULE FROM G TO R

REVENUE BALANCING ACCOUNT - REVENUE TRACKER

	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Monthly Target Revenue	11,508,563	12,040,414	11,915,194	12,600,646	12,892,327	12,236,044	12,542,309	12,046,450	12,396,468	12,104,787	11,040,149	12,192,291
Recorded Adjusted Revenue	11,431,959	11,611,416	11,338,454	12,294,734	12,638,207	11,698,738	12,229,959	11,352,516	12,033,921	11,644,652	10,719,493	11,961,338
Target vs. Actual Revenue	76,604	428,998	476,740	305,912	254,120	537,306	312,350	693,934	362,547	460,135	320,656	230,953
Reversal of Previous Year Accrual *	(632,139)	(639,573)	(457,630)	(489,809)	(504,602)	(469,538)	(483,000)	(452,589)	(465,066)	(453,616)	(416,854)	(468,331)
Net RBA Change	(555,535)	(210,575)	19,110	(183,897)	(250,482)	67,768	(180,650)	241,335	(122,519)	6,519	(96,198)	(237,378)
Adjustment(s) to Beginning Balance	-	-	35,136	-	1,703	56,356	-	-	-	-	-	-
Beginning RBA Balance	4,054,645	3,505,359	3,335,545	3,360,191	3,183,404	2,994,338	3,067,116	2,891,391	3,137,710	3,020,282	3,031,803	2,940,542
End Balance Before Interest	3,499,110	3,294,784	3,354,656	3,176,294	2,932,922	3,062,106	2,886,466	3,132,726	3,015,192	3,026,800	2,935,605	2,703,164
Balance Subject to Interest	2,307,294	2,077,104	2,043,522	1,996,569	1,868,232	1,849,941	1,818,521	1,840,067	1,879,404	1,847,081	1,822,745	1,723,870
Interest	6,249	5,625	5,535	5,407	5,060	5,010	4,925	4,984	5,090	5,003	4,937	4,669
Ending RBA Balance	3,505,359	3,300,409	3,360,191	3,181,701	2,937,982	3,067,116	2,891,391	3,137,710	3,020,282	3,031,803	2,940,542	2,707,833
Principal Portion 18670301	2,721,207	2,510,632	2,564,879	2,380,982	2,132,203	2,256,327	2,075,677	2,317,012	2,194,494	2,201,012	2,104,814	1,867,436
Interest Portion 18670302	784,152	789,777	795,312	800,719	805,779	810,789	815,714	820,698	825,788	830,791	835,728	840,397
Total	3,505,359	3,300,409	3,360,191	3,181,701	2,937,982	3,067,116	2,891,391	3,137,710	3,020,282	3,031,803	2,940,542	2,707,833
Revenues charged in incorrect period adjustment	39	38	39	39	38	38	39	38	36	36	36	2,240
Tax rate	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%	91.115%
Net of tax	35	34	35	35	35	35	35	34	33	33	33	2,041
Revenue tax adjustment	3	3	3	3	3	3	3	3	3	3	3	199
Target vs Actual Difference:												
Per original calculation	11,431,994	11,611,450	11,438,489	12,294,769	12,638,242	11,698,773	12,229,994	11,352,550	12,033,954	11,644,685	10,719,526	11,961,371
Adjustment for billing error	(35)	(34)	(35)	(35)	(35)	(35)	(35)	(34)	(33)	(33)	(33)	(2,041)
Revised Revenues	11,431,959	11,611,416	11,438,454	12,294,734	12,638,207	11,698,738	12,229,959	11,352,516	12,033,921	11,644,652	10,719,493	11,961,338
Revised Adjustment	76,604	428,998	476,740	305,912	254,120	537,306	312,350	693,934	362,547	460,135	320,656	230,953
RBA Adjustment Recorded	76,569	428,964	476,705	305,877	254,085	537,271	312,315	693,900	362,514	460,102	320,623	230,920
RBA Adjustment	35	34	35	35	35	35	35	34	33	33	33	2,041

See B, Note 1

Note 1:

In connection with Decision and Order No. 31908 on Schedule A of the Decoupling Investigation, issued on February 7, 2014, the Company received approval on April 28, 2014 from the Internal Revenue Service to change its tax treatment of RBA revenues from the book accrual method of revenue balancing account (RBA) revenue recognition to a recognition method based on when rates are adjusted and revenues are collected, effective January 1, 2014. Accordingly, starting with May 2014, interest is calculated based on a net-of-income tax RBA balance, and the following income tax factor is used in the calculation.

Income Tax Factor ( 1 / 1-tax rate) 1.636929121

Note 2:

Totals may not add exactly due to rounding.

Note 3:

The Company recorded an adjustment to the RBA related to a customer billing adjustment due to a G to R rate change that was processed in May 2017. The Company recalculated the RBA based on the billing adjustment in the prior months incurred. No interest impact was calculated as the adjustment did not meet the interest recalculation threshold of \$50,000 per the Revenue Balancing Account provision tariff.

HELCO-WP-B-003  
HAWAII ELECTRIC LIGHT COMPANY, INC.  
AUGUST 2017 ADJUSTMENT - CUSTOMER BILLING ADJUSTMENT

		Interest Rate (Note 1)	# of Months Jan 2015 - Jul 2017	3.25% Interest	Total w/o Interest	Interest	Total with Interest
RBA adjustment as Filed	\$ 824,812						
RBA adjustment as Corrected	<u>800,078</u>						
Overstatement of adjustment	\$ 24,734	3.25%	31	\$ 2,077	\$ 24,734	\$ 2,077	\$ 26,810
Revenue tax - 9.7514%					<u>2,412</u>	<u>202</u>	<u>2,614</u>
Total overstatement with interest					<u>\$ 27,146</u>	<u>\$ 2,279</u>	<u>\$ 29,425</u>

Note 1 - In Decision and Order No. 31908 in Docket No. 2013-0141, filed on February 7, 2014, the Commission ordered the Company to utilize the short term debt rate as established in deriving the consolidated cost of capital in the last full rate case in computing interest on the outstanding RBA balance. The Commission approved the RBA tariff amendments for the Company implementing the revised interest rate effective as of March 1, 2014 in Decision and Order No. 32001 filed March 28, 2014. As a result, the interest rate used to compute the RBA interest was changed from 6% to 3.25% as of March 1, 2014. This interest rate is used to calculate interest on the overstatement of RBA balance.

Journal entry:

GL Code	Account Description	Debit	Credit	
44412 0 71	Schedule F Unbilled RBA (GL Code 44412071)	\$ 27,146		
41900 0 02	RBA Interest Income	\$ 2,279		
18670 3 00	Reg Asset - Gross up Rev Taxes		2,614	
18670 3 01	RBA Regulatory Asset Principal		\$ 24,734	Sch B, Note 1
18670 3 02	RBA Regulatory Asset Interest		2,077	Sch B, Note 1
	To adjust the Reg Asset - RBA for the overstatement of Sch F kWh sales.			

Description:

In the June 2016 Informal Information Provided to the Consumer Advocate (CA Packet), the Company reported billing adjustments for the Schedule F street light customer accounts and that the matter was being investigated and further analysis was being performed to determine any RBA impact.

Further research by Customer Service revealed that prior to November 2015, the CIS SAP system did not have an adjustment Transaction code (T-code) that would allow the Company to make billing adjustments within the SAP system that automatically updated to the proper General Ledger account numbers. From May 2012 through November 2015, the Company's adjustment process consisted of recalculations via the "RCAL" tool which were posted as a lump sum miscellaneous adjustment to base revenue. At each period end, the miscellaneous adjustments were manually allocated to the proper General Ledger accounts based upon the RCAL calculation using the 037 tab of the 014w report. The kWh portion of the billing adjustments could not be accounted for in SAP using the miscellaneous adjustment process and were manually tracked via the 037 adjustment tab process prior to November 2015.

In June 2016, the -167,738 kWh adjustment relating to January 2015 and March 2015 was made in SAP and flowed through the 014w. Since the negative kWh related to prior periods, a manual adjustment was made to the 014w to "add back" 167,738 kWh. This was explained to the Consumer Advocate in the June 2016 CA Packet. However, the RBA impact of the -167,738 kWh related to the January 2015 and March 2015 billing adjustments was not calculated pending further review. The RBA impact of the -167,738 kWh adjustment relates to the January 2015 and March 2015 periods, however the RBA impact was calculated back to January 2015. The RBA impact in January 2015 was an overstatement of the RBA balance of \$26,810. While the dollar impact is less than \$50,000, the Company calculated interest on the overstatement of the RBA balance beginning January 2015 - July 2017 (31 months).

Hawaii Electric Light Company, Inc.  
Bargaining Unit Wage Increase per Collective Bargaining Agreements  
Effective July 1, 2013

Wage Increases:	1/1/2014	3.00%	(Note 1)
(non-compounded)	1/1/2015	3.00%	(Note 1)
	1/1/2016	3.25%	(Note 1)
	1/1/2017	3.00%	(Note 1)
	1/1/2018	3.00%	(Note 1)

Increase effective		Increase Amount	Wage Rate With Increase	Labor Cost Escalation Rate	
		(a)	(b)	(c)	
			prev (b) + (a)	(b) / prev (b) -1	
1.00	3.00% 1/1/2014	0.0300	1.0300		
	3.00% 1/1/2015	0.0300	1.0600	0.0291	2.91%
	3.25% 1/1/2016	0.0325	1.0925	0.0307	3.07%
1.00	3.00% 1/1/2017	0.0300	1.03		
	3.00% 1/1/2018	0.0300	1.0600	0.0291	2.91%

Note 1: Agreement ratified by the IBEW, Local 1260 on November 1, 2012, reflects a 3.00% increase effective 1/1/2014, 1/1/2015, 1/1/2017 and 1/1/2018 and a 3.25% increase effective 1/1/2016, based on 1/1/2013 rates. See HECO's Form 10-Q dated November 8, 2012 filed with Securities and Exchange Commission at [www.hei.com](http://www.hei.com), under SEC filings. See also HELCO-WP-C-003.

# Blue Chip Economic Indicators®

**Top Analysts' Forecasts of the U.S. Economic Outlook for the Year Ahead**  
**Vol. 43, No. 2, February 10, 2018**

## 2018 Real GDP Forecast Rises To 2.8%

FEBRUARY 2018 Forecast For 2018 SOURCE:	----- Percent Change 2018 From 2017 (Full Year-Over-Prior Year) -----										- Average For 2018 ----			- Total Units-2018 ----		--2018---
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
	Real GDP (Chained)	GDP Price Index	Nominal GDP (Cur.\$)	Consumer Price Index	Indust. Prod. (Total)	Dis. Pers. Income (2009\$)	Personal Cons. Exp. (2009\$)	Non-Res. Fix. Inv. (2009\$)	Corp. Profits (Cur.\$)	Treas. Bills 3-mo.	Treas. Notes 10-Year	Unempl. Rate (Civ.)	Housing Starts (Mil.)	Auto&Light Truck Sales (Mil.)	Net Exports (2009\$)	
	(2009\$)	Index		Index		(2009\$)	(2009\$)	(2009\$)								
Amherst Pierpont Securities	3.3 H	2.3	5.6	2.9 H	3.6	2.4	2.9	6.3	8.0	1.8	3.1	3.9	1.29	17.0	-661.0	
Action Economics	3.1	2.1	5.2	2.4	3.7	2.7	3.3	5.8	11.4	1.9	2.8	3.9	1.31	17.6	-622.7	
BNP Paribas North America	3.1	na	na	2.3	3.6	na	3.6 H	7.0	na	na	2.8	3.8	na	na	-710.0	
Georgia State University*	3.1	1.9	5.0	2.4	3.7	4.1 H	3.1	6.6	8.5	1.6	3.2	3.7 L	1.25	17.1	-693.0	
NatWest Markets	3.1	2.0	5.2	2.2	3.8	2.5	2.6	8.1 H	10.0	1.9	2.6	4.0	1.35	16.5	-654.0	
SOM Economics, Inc.	3.1	1.9	5.1	2.2	3.2	2.8	2.7	6.2	6.5	1.9	3.0	3.9	1.27	17.0	-641.0	
ACT Research	3.0	2.0	5.0	2.3	3.5	3.2	2.8	6.0	na	1.8	2.9	3.9	1.25	16.7	-692.0	
Comerica*	3.0	2.0	5.0	2.1	0.6 L	2.0	2.2	6.5	na	1.8	3.0	4.0	1.28	16.7	-622.0	
FedEx Corporation	3.0	2.0	5.0	2.4	3.6	3.0	2.9	6.5	5.5	1.8	3.0	3.9	1.31	17.3	-700.7	
Naroff Economic Advisors*	3.0	2.3	5.3	2.8	3.8	1.7	3.1	5.9	7.8	1.8	3.1	3.9	1.34	17.3	-657.0	
National Assn. of Realtors	3.0	2.4	5.4	2.8	2.4	3.0	2.9	5.5	6.5	1.9	2.9	3.9	1.34	18.0 H	-645.0	
Turning Points (Micrometrics)	3.0	2.1	5.1	2.3	3.0	2.3	2.9	3.9	8.5	1.7	2.8	4.0	1.27	17.5	-651.1	
Conference Board*	2.9	2.0	4.9	2.2	na	3.2	3.0	5.8	6.4	1.8	3.0	3.9	1.27	na	-678.0	
Goldman Sachs & Co.**	2.9	2.0	4.9	2.4	3.5	2.2	2.9	4.8	na	1.9	2.9	3.8	1.26	na	-673.8	
Moody's Analytics	2.9	2.1	5.1	2.5	2.9	1.8	2.7	5.6	4.0	1.7	3.1	3.8	1.45 H	16.9	-727.9	
Moody's Capital Markets*	2.9	2.0	4.9	2.4	3.2	1.6 L	2.8	4.7	4.8	1.6	2.7	4.0	1.27	17.1	-626.8	
RBC Capital Markets	2.9	2.1	5.0	2.2	na	na	2.8	5.5	na	na	3.1	3.8	1.24	17.5	-672.0	
UCLA Business Forecasting Proj.*	2.9	2.5	5.5	2.3	2.8	2.8	3.1	5.3	13.0 H	1.7	3.3 H	3.9	1.30	17.3	-640.9	
Wells Fargo	2.9	2.3	5.2	2.5	3.9	2.2	2.9	6.0	3.2	1.9	2.9	4.0	1.31	16.8	-684.2	
Oxford Economics	2.8	2.1	5.0	2.3	3.8	2.7	2.9	6.4	8.8	1.7	2.9	4.0	1.28	17.1	-682.3	
Econoclast	2.8	2.1	4.9	2.5	3.1	2.7	2.8	7.2	6.8	1.8	2.9	4.0	1.29	16.7	-670.0	
High Frequency Economics	2.8	2.1	5.0	2.3	4.3 H	2.3	3.0	5.0	2.5	1.9	2.8	3.7 L	1.24	16.9	-679.0	
Inforum - Univ. of Maryland	2.8	2.0	4.9	2.3	3.2	2.6	2.6	5.4	6.2	1.8	2.8	4.0	1.28	17.1	-655.3	
MUFG Union Bank	2.8	2.0	4.8	2.6	3.5	na	2.9	7.0	6.0	1.9	2.8	3.9	1.35	17.4	-660.0	
Northern Trust Company*	2.8	2.3	5.2	2.3	2.8	na	2.8	5.8	na	1.9	3.0	4.0	1.25	16.7	-682.7	
Regions Financial Corporation	2.8	1.9	4.8	2.7	3.6	2.4	2.5	5.8	5.4	1.8	2.9	4.0	1.30	16.8	-649.9	
S&P Gobal*	2.8	1.8	4.6	2.2	3.5	2.8	2.7	6.3	6.6	1.5 L	2.6	3.9	1.26	16.9	-634.6	
AIG	2.7	1.7 L	4.4 L	1.7	3.7	3.7	2.7	5.7	1.5 L	1.7	2.7	3.9	1.25	16.9	-639.0	
Bank of America Merrill Lynch	2.7	1.9	4.7	2.3	3.1	na	3.0	5.9	na	1.7	2.7	3.9	1.27	16.7	-698.0	
Barclays*	2.7	2.0	4.8	2.3	na	na	2.8	5.9	na	na	2.6	3.8	1.24	na	-669.2	
Credit Suisse	2.7	1.9	4.6	1.9	3.2	na	2.5	5.9	na	na	na	4.0	na	na	-644.6	
Daiwa Capital Markets America	2.7	2.2	4.9	2.4	4.0	1.9	2.6	5.5	8.0	1.9	3.0	3.9	1.25	16.8	-645.3	
Grant Thornton/Diane Swonk	2.7	1.9	4.7	2.4	3.6	3.2	2.8	5.4	5.0	1.9	3.0	3.9	1.29	16.6	-694.4	
Eaton Corporation	2.7	1.7 L	4.5	1.8	2.9	3.8	2.7	5.8	na	1.8	3.0	3.8	1.27	16.9	-665.3	
Fannie Mae	2.7	1.8	4.6	2.3	3.3	3.2	2.9	5.8	4.7	2.0 H	2.8	3.9	1.27	17.0	-705.1	
General Motors	2.7	1.7 L	4.4 L	1.7	3.8	3.7	2.7	5.6	2.6	1.8	3.0	3.9	1.25	na	-666.1	
Macroeconomic Advisers by IHS Markit*	2.7	1.9	4.7	2.3	3.6	3.2	2.9	5.4	5.0	1.8	3.0	4.0	1.29	16.9	-701.4	
MacroFin Analytics	2.7	2.0	4.7	2.1	3.5	2.4	2.7	4.5	5.2	1.8	3.0	4.0	1.27	17.0	-656.3	
Morgan Stanley*	2.7	2.0	4.7	2.3	2.6	2.2	3.1	4.7	na	1.8	2.1 L	3.8	1.22 L	16.4 L	-679.9	
National Assn. of Home Builders	2.7	1.9	4.5	2.1	3.3	3.1	2.9	5.0	na	1.8	3.0	4.0	1.25	16.9	-693.6	
Nomura Securities	2.7	3.3 H	6.0 H	2.4	3.9	2.0	2.6	5.0	na	na	2.9	3.9	1.24	16.9	-668.4	
PNC Financial Services Group	2.7	2.1	4.8	2.4	2.2	2.5	2.3	5.0	na	1.6	2.5	3.9	1.29	17.0	-633.1	
RDQ Economics	2.7	2.1	4.9	2.3	3.6	2.3	2.8	7.5	6.1	1.9	2.8	3.9	1.25	17.5	-736.4 L	
U.S. Chamber of Commerce	2.7	2.0	4.7	1.9	2.3	2.1	2.9	4.2	5.0	1.8	3.0	4.0	1.30	na	-675.4	
UBS	2.7	2.0	4.8	2.3	2.9	3.4	3.0	6.6	na	1.8	2.5	3.8	1.30	na	-695.4	
Wells Capital Management	2.7	2.2	5.0	2.5	3.7	2.1	2.8	5.0	5.8	2.0 H	3.1	4.0	1.22 L	17.1	-664.0	
BMO Capital Markets*	2.6	2.0	4.7	2.4	3.3	2.8	3.0	4.0	6.1	1.8	2.9	3.9	1.27	16.7	-679.0	
Point72 Asset Management*	2.6	2.2	4.8	2.7	3.9	1.9	2.6	5.5	8.6	1.8	2.9	3.8	1.30	16.7	-702.2	
ACIMA Private Wealth	2.5	1.9	4.4 L	1.5 L	2.8	2.1	2.1 L	3.7 L	na	2.0 H	2.3	4.0	1.26	17.1	-590.0 H	
Economist Intelligence Unit	2.5	2.2	4.7	2.2	3.2	2.9	2.6	4.9	na	1.9	2.9	3.8	1.27	16.9	-643.0	
Ford Motor Company*	2.5	1.9	4.5	2.1	3.1	2.1	2.6	5.5	na	na	2.8	4.1 H	1.22 L	na	-691.6	
J P MorganChase	2.5	2.1	4.7	2.5	2.2	2.4	2.8	6.7	4.1	na	2.6	3.9	1.29	17.1	-671.3	
Swiss Re	2.5	2.0	4.6	2.3	2.8	2.0	2.8	4.8	5.6	1.8	2.7	4.0	1.29	16.5	-726.0	
Societe Generale	2.4 L	2.0	4.5	2.0	na	3.6	2.7	4.6	5.4	1.7	2.7	3.8	1.28	16.8	-686.0	
2018 Consensus: February Avg.	2.8	2.1	4.9	2.3	3.3	2.6	2.8	5.6	6.3	1.8	2.9	3.9	1.28	17.0	-670.1	
Top 10 Avg.	3.1	2.4	5.4	2.7	3.9	3.5	3.1	7.0	9.3	1.9	3.1	4.0	1.34	17.5	-629.3	
Bottom 10 Avg.	2.6	1.8	4.5	1.9	2.4	1.9	2.5	4.4	3.7	1.7	2.5	3.8	1.24	16.6	-710.3	
January Avg.	2.7	2.0	4.7	2.1	2.9	2.7	2.6	5.3	6.1	1.8	2.7	3.9	1.27	17.0	-644.4	
Historical data	2014	2.6	1.8	4.4	1.6	3.1	3.6	2.9	6.9	0.0	2.5	6.2	1.00	16.4	-427.7	
	2015	2.9	1.1	4.0	0.1	-0.7	4.2	3.6	2.3	0.1	2.2	5.3	1.11	17.4	-545.3	
	2016	1.5	1.3	2.8	1.3	-1.2	1.4	2.7	-0.6	0.3	1.8	4.9	1.17	17.5	-586.3	
	2017	2.3	1.8	4.1	2.1	1.8	1.2	2.7	4.7	0.9	2.4	4.4	1.20	17.2	-621.5	
Number Of Forecasts Changed From A Month Ago:																
Down	3	8	4	3	8	25	1	12	6	6	4	10	14	7	38	
Same	28	19	9	14	8	7	10	9	11	16	19	33	19	28	7	
Up	19	23	37	33	30	12	39	29	15	22	26	7	16	6	5	
February Median	2.8	2.0	4.9	2.3	3.4	2.5	2.8	5.7	6.1	1.8	2.9	3.9	1.27	16.9	-670.7	
February Diffusion Index	66 %	65 %	83 %	80 %	74 %	35 %	88 %	67 %	64 %	68 %	72 %	47 %	52 %	49 %	17 %	

\*Former winner of annual Lawrence R. Klein Award for Blue Chip Forecast Accuracy. \*\*Denotes two-time winner.



**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**EXHIBIT A**

JOB CODE	JOB TITLE	1/1/2013	7/1/2013	1/1/2014	7/1/2014	1/1/2015	7/1/2015	1/1/2016	7/1/2016	1/1/2017	7/1/2017	1/1/2018	7/1/2018
CL5	CASHIER			3%		3%		3.25%		3%		3%	
CL49	DISTRICT CLERK I			INCREASE		INCREASE		INCREASE		INCREASE		INCREASE	
	1st 3 mos.	20.39		21.00		21.61		22.27		22.88		23.49	
	Next 3 mos.	21.32		21.96		22.60		23.29		23.93		24.57	
	Next 3 mos.	22.42		23.09		23.76		24.49		25.16		25.83	
	Next 6 mos.	23.50		24.21		24.92		25.68		26.39		27.10	
	Next 6 mos.	24.65		25.39		26.13		26.93		27.67		28.41	
	Thereafter	25.86		26.64		27.42		28.26		29.04		29.82	
T8	(S) BOILER OPERATOR TRAINEE												
T55	(S) COMBUSTION TURBINE OPERATOR TRAINEE												
	1st 12 mos.	23.44		24.14		24.84		25.60		26.30		27.00	
	Thereafter	26.38		27.17		27.96		28.82		29.61		30.40	
CL39	PLANNER AID												
	1st 3 mos.	18.92		19.49		20.06		20.67		21.24		21.81	
	Next 3 mos.	19.85		20.45		21.05		21.70		22.30		22.90	
	Next 3 mos.	20.83		21.45		22.07		22.75		23.37		23.99	
	Next 6 mos.	22.91		23.60		24.29		25.03		25.72		26.41	
	Next 6 mos.	24.06		24.78		25.50		26.28		27.00		27.72	
	Next 6 mos.	25.26		26.02		26.78		27.60		28.36		29.12	
	Thereafter	26.47		27.26		28.05		28.91		29.70		30.49	
CL7	METER READER												
CL21	METER READER		X 1.03=	X 1.0291=		X 1.0307=		X 1.0275=		X 1.0267=			
	1st 3 mos.	20.83		21.45		22.07		22.75		23.37		23.99	
	Next 3 mos.	21.84		22.50		23.16		23.87		24.53		25.19	
	Next 6 mos.	24.06		24.78		25.50		26.28		27.00		27.72	
	Next 6 mos.	25.26		26.02		26.78		27.60		28.36		29.12	
	Next 6 mos.	26.47		27.26		28.05		28.91		29.70		30.49	
	Thereafter	27.81		28.64		29.47		30.37		31.20		32.03	
CL38	SURVEY AIDE												
	1st 3 mos.	22.91		23.60		24.29		25.03		25.72		26.41	
	Next 3 mos.	24.06		24.78		25.50		26.28		27.00		27.72	
	Next 6 mos.	25.26		26.02		26.78		27.60		28.36		29.12	
	Next 6 mos.	26.44		27.23		28.02		28.88		29.67		30.46	
	Next 6 mos.	27.91		28.75		29.59		30.50		31.34		32.18	
	Thereafter	29.36		30.24		31.12		32.07		32.95		33.83	
CL9	FIELD REPRESENTATIVE												
CL22	FIELD REPRESENTATIVE												
CL78	MATERIAL & RECORDS KEEPER		X 1.03=	X 1.0291=		X 1.0307=		X 1.0275=		X 1.0267=			
	1st 6 mos.	25.26		26.02		26.78		27.60		28.36		29.12	
	Next 6 mos.	26.44		27.23		28.02		28.88		29.67		30.46	
	Next 6 mos.	27.91		28.75		29.59		30.50		31.34		32.18	
	Thereafter	29.39		30.27		31.15		32.11		32.99		33.87	
C33	STOCK & PRICE CLERK TYPIST												
	1st 9 mos.	26.44		27.23		28.02		28.88		29.67		30.46	
	Next 6 mos.	27.91		28.75		29.59		30.50		31.34		32.18	
	Thereafter	29.39		30.27		31.15		32.11		32.99		33.87	
TL10	WAREHOUSE ATTENDANT												
	1st 3 mos.	16.77		17.27		17.77		18.32		18.82		19.32	
	Next 3 mos.	18.46		19.01		19.56		20.16		20.71		21.26	
	Next 6 mos.	20.31		20.92		21.53		22.19		22.80		23.41	
	Next 6 mos.	22.42		23.09		23.76		24.49		25.16		25.83	
	Next 6 mos.	24.65		25.39		26.13		26.93		27.67		28.41	
	Next 6 mos.	27.17		27.99		28.81		29.69		30.51		31.33	
	Thereafter	29.92		30.82		31.72		32.69		33.59		34.49	
T25	TRUCK DRIVER	29.92		30.82		31.72		32.69		33.59		34.49	
T26	TOOL ROOM ATTENDANT & REPAIRER												
	1st 12 mos.	29.25		30.13		31.01		31.96		32.84		33.72	
	Thereafter	30.80		31.72		32.64		33.64		34.56		35.48	
T27	WAREHOUSE ATTENDANT/DRIVER	30.80		31.72		32.64		33.64		34.56		35.48	

Hawaii Electric Light Company, Inc.  
Accumulated Deferred Income Taxes by Activity  
**FEDERAL**  
DR(CR)

		Federal
Description		12/31/17
ACCOUNT 282.01:		
1 Accelerated Depreciation	(60,450,330)	
2 Excess AccDep	3,693	
3 Deficit AccDep	(35,881)	
4 2017 Excess Acc Dep (Reg Asset)	(654)	
5 2017 Excess Acc Dep (Reg Liab)	10,719,092	
6 TOTAL ACCOUNT 282.01 UTILITY	(49,764,080)	
ACCOUNT 283.01:		
7 ACRS Retirements Gain/(Loss)	(3,486,225)	
8 Bad Debts	374,355	
9 Bonuses - Non-executives (fka Rewards; TIP)	21,793	
10 Cap to Construction	(144,034)	
11 Capital loss carryforward	-	
12 Capitalized Interest	1,523,740	
13 Capitalized Interest §481(a) D&T Adj	(60,799)	
14 CIAC	9,367,549	
15 Cost of Removal	19,184,845	
16 Customer Advances	1,953,603	
17 CWIP Debt / (AFUDC Debt Incurred)	(1,546,382)	
18 CWIP Debt Transition	14,905	
19 Exec Comp - EICP, LTIP	40,770	
20 Exec Comp - Deferred Comp (Rest Stock, RSU)	16,861	
21 Emissions Fees	60,383	
22 Energy Services	-	
23 FIN 48 - Tax Component	135,243	
24 FIN 48 - Interest Component	9,705	
25 Franchise Taxes	229,430	
26 General Liability Reserve	28,875	
27 Interest - CIS	(7,201)	
28 Interest - Nondeductible (RAR)	(0)	
29 Legal/Consulting Fees (PPA)	333,027	
30 OPEB	233,988	
31 OPEB - Reg Asset	(491,848)	
32 OPEB Trackers	783,522	
33 OPEB Executive Life	274,564	
34 Pension (Qualified)	(1)	
35 Pension Tracker (& Prepd asset amort)	(5,265,007)	
36 Pension Excess (Non-qualified)	14,998	
37 Percentage Repair Allowance (D&T)	(369,712)	
38 Prepaid Expenses	(11,527)	
39 Project Costs - Geothermal RFP	(11,994)	
40 Rate Case Costs	(260,525)	
41 Repairs	(19,179,309)	
42 RBA Revenues - §481(a) Adjustment	(1,468,206)	
43 RBA Revenues	753,857	
44 Rev Bond Differential	(37,435)	
45 Rev Bond Redemption Prem/Amort	(198,988)	
46 Software - CIS	(100,639)	
47 Software - ERP	159,751	
48 Software - IVR	(94,120)	
49 Software - All Others	(150,994)	
50 Solar Saver	132,036	
51 State ITC	3,142,855	
52 SunPower for Schools	3,164	
53 Vacation Accrual	(44,826)	
54 Workers Compensation	41,011	
FAS 109: Regulatory Assets/Liabilities		
55 Reg Asset - SFAS 109 Flow Through	(141,628)	
56 Reg Asset - Plant Transition (AFUDC)	(326,791)	
57 Reg Asset - CWIP Equity Transition	(21,732)	
58 Reg Asset - CWIP Eqty Gr Up/(AFUDC Eqty Gr Up)	(1,663,862)	
59 Reg Asset - CWIP Equity Net/(AFUDC Eqty Incurred)	(2,612,255)	
60 Fed ITC amort	(455,474)	
61 Fed ITC - Reg Liability	502,429	
62 Fed Energy Credit Amort	(232)	
63 Fed Energy Credit - Reg Liability	17,966	
64 Reg Asset - Deficit Def - Oth	-	
65 Reg Liab - Excess Def - Oth	5,256	
66 Reg Asset - RAR 88-89	-	
67 Reg Asset - 2017 Excess Def - Oth	(3,248,416)	
Reg Liability - 2017 Excess Def - Oth	2,380,937	
68 TOTAL ACCOUNT 283.01 UTILITY	341,258	

Hawaii Electric Light Company, Inc.  
Accumulated Deferred Income Taxes by Activity  
**FEDERAL**  
DR(CR)

		Federal
Description		12/31/17
69	TOTAL FEDERAL ADIT BEFORE RATE BASE ADJ	<u>(49,422,822)</u>
<b>RATE BASE ADJUSTMENTS:</b>		
70	TOTAL ACCOUNT 283.01	341,258
71	Bad Debts	374,355
72	Bonuses - Non-executives (fka Rewards)	21,793
73	Exec Comp - EICP, LTIP	40,770
74	Exec Comp - Deferred Comp (Rest Stock, RSU)	16,861
75	Energy Services	-
76	FIN48 Tax and Interest	144,948
77	Franchise Taxes	229,430
78	General/Legal Liability Reserve	28,875
79	Interest - CIS (Full Debt Portion)	(4,197)
80	Interest - Nondeductible (RAR)	-
81	OPEB - Exec Life	274,564
82	Pension (Supplemental - Non-qualified)	14,998
83	Rate Case Costs (excluded beginning ytd Apr 2017)	(260,525)
84	RBA Revenues - §481(a) Adjustment	(1,468,206)
85	RBA Revenues	753,857
86	Software - ERP	159,751
87	Software - IVR (included in rate base as of Aug 2015)	-
88	Solar Saver	132,036
89	Vacation Accrual	(44,826)
90	Workers Comp Reserve	41,011
91	Total Adjustments Account 283	<u>455,495</u>
92	TOTAL ACC 283.01 AFTER ADJUSTMENTS	(114,237)
93	TOTAL ACC 282.01 - UTIL	(49,764,080)
94	TOTAL FEDERAL ADIT AFTER RATE BASE ADJ	<u>(49,878,317)</u>

To Sch D4



Hawaii Electric Light Company, Inc.  
Accumulated Deferred Income Taxes by Activity  
**STATE**  
DR(CR)

		State
Description		12/31/17
ACCOUNT 282.01:		
1	Accelerated Depreciation	(11,795,439)
2	Excess AccDep	1,125
3	Deficit AccDep	(10,935)
4	2017 Excess Acc Dep (Reg Asset)	(199)
5	2017 Excess Acc Dep (Reg Liab)	3,266,773
6	TOTAL ACCOUNT 282.01 UTILITY	(8,538,675)
ACCOUNT 283.01:		
7	ACRS Retirements Gain/(Loss)	(1,246,420)
8	Bad Debts	114,088
9	Bonuses - Non-executives (fka Rewards)	6,642
10	Cap to Construction	(43,764)
11	Capital Loss Carryforwards	-
12	Capitalized Interest	539,487
13	Capitalized Interest §481(a) D&T Adj	(41,461)
14	CIAC	3,338,462
15	Cost of Removal	5,846,810
16	Customer Advances	595,385
17	CWIP Debt / (AFUDC Debt Incurred)	(471,278)
18	CWIP Debt Transition	4,543
19	Exec Comp - EICP, LTIP	12,425
20	Exec Comp - Deferred Comp (Rest Stock, RSU)	5,139
21	Emissions Fees	18,403
22	Energy Services	-
23	FIN 48 - Tax Component	83,701
24	FIN 48 - Interest Component	2,958
25	Franchise Taxes	69,921
26	General/Legal Liability	8,800
27	Interest - CIS	(2,195)
28	Interest - Nondeductible (RAR)	0
29	Legal/Consulting Fees (PPA)	101,495
30	OPEB	71,312
31	OPEB - Reg Asset	(149,897)
32	OPEB Trackers	238,787
33	OPEB Executive Life	84,180
34	Pension (Qualified)	(1)
35	Pension Tracker (& Prepd asset amort)	(1,604,574)
36	Pension Excess (Non-qualified)	3,963
37	Percentage Repair Allowance (D&T)	(165,607)
38	Prepaid Expenses	(3,514)
39	Project Costs - Geothermal RFP	(3,655)
40	Rate Case Costs	(79,398)
41	Repairs	(5,846,044)
41	RBA Revenues - §481(a) Adjustment	(447,453)
42	RBA Revenues	229,747
43	Rev Bond Differential	(11,407)
44	Rev Bond Redemption Prem/Amort	(60,643)
45	Software - CIS	(30,671)
46	Software - ERP	48,685
47	Software - IVR	(28,683)
48	Software - All Others	(66,053)
49	Solar Saver	40,240
50	State ITC	957,823
51	SunPower for Schools	964
52	Vacation Accrual	(13,662)
53	Workers Compensation	12,498
FAS 109: Regulatory Assets/Liabilities		
54	Reg Asset - SFAS 109 Flow Through	(43,163)
55	Reg Asset - Plant Transition (AFUDC)	(99,593)
56	Reg Asset - CWIP Equity Transition	(6,623)
57	Reg Asset - CWIP Eqty Gr Up/(AFUDC Eqty Gr Up)	(507,534)
58	Reg Asset - CWIP Equity Net/(AFUDC Eqty Incurred)	(795,663)
59	Fed ITC amort	(138,812)
60	Fed ITC - Reg Liability	153,122
61	Fed Energy Credit Amort	(71)
62	Fed Energy Credit - Reg Liability	5,475
63	Reg Asset - Deficit Def - Oth	-
64	Reg Liab - Excess Def - Oth	1,602
65	Reg Asset - RAR 88-89	-
66	Reg Asset - 2017 Excess Def - Oth	(989,993)
67	TOTAL ACCOUNT 283.01	424,439
68	TOTAL STATE ADIT BEFORE RATE BASE ADJ	(8,114,236)

Hawaii Electric Light Company, Inc.  
Accumulated Deferred Income Taxes by Activity  
**STATE**  
DR(CR)

		State
Description		12/31/17
<b>RATE BASE ADJUSTMENTS:</b>		
69	TOTAL ACCOUNT 283.01	424,439
70	Bad Debts	114,088
71	Bonuses - Non-executives (fka Rewards)	6,642
72	Exec Comp - EICP, LTIP	12,425
73	Exec Comp - Deferred Comp (Rest Stock, RSU)	5,139
74	Energy Services	-
75	FIN48 Tax and Interest	86,659
76	Franchise Taxes	69,921
77	General/Legal Liability Reserve	8,800
78	Interest - CIS (Full Debt Portion)	(1,279)
79	Interest - Nondeductible (RAR)	0
80	OPEB - Exec Life	84,180
81	Pension (Supplemental - Non-qualified)	3,963
82	Rate Case Costs (included in rate base beginning 2009)	(79,398)
83	RBA Revenues - §481(a) Adjustment	(447,453)
84	Rate Case Costs	229,747
85	Software - ERP	48,685
86	Software - IVR (included in rate base as of Aug 2015)	-
87	Solar Saver	40,240
88	Vacation Accrual	(13,662)
89	Workers Comp Reserve	12,498
90		
91	Total Adjustments Account 283	181,192
92	TOTAL ACC 283.01 AFTER ADJUSTMENTS	243,247
93	TOTAL ACC 282.01 - UTIL	(8,538,675)
94	TOTAL STATE ADIT AFTER RATE BASE ADJ	(8,295,428)

To Sch D4



**HAWAII ELECTRIC LIGHT COMPANY INC.  
AMORTIZATION OF 2017 EXCESS**

<b>HELCO</b>	<b>ADIT Excess</b>	<b>0.346835 Reg Liab Grossup</b>	<b>Total</b>	<b>Life</b>	<b>Rev Settlement Amortization</b>
Plant 282 - protected	(40,321,728)	(13,984,987)	(54,306,715)		0
Plant 283	(268,791)	(93,226)	(362,017)	15	(24,134)
NonPlant283 before rate base adj	400,091	138,766	538,857		
Rate Base Adj 283	(673,165)	(233,477)	(906,642)		
Total Fed Util 283	(273,074)	(94,712)	(367,786)	5	(73,557)
Total Rate Base ADIT	(40,863,593)	(14,172,924)	(55,036,517)		
					Total Amort <u>(97,692)</u>
					<i>To Sch E, line 103</i>
<b>Credit to Depr Expense (in 000's)</b>					<b>(98)</b>

NOTE: Calculation adopts the methodology and assumptions used in Hawaiian Electric Company Docket No. 2016-0328, Hawaiian Electric 2017 Test Year Rate Case Revised Attachment to the Parties' Stipulated Settlement on Remaining Issues, filed March 8, 2018, HECO T-26, Attachment 2A, Page 1.

Hawai Electric Light Company  
Calculation of Composite Effective Income Tax Rates  
Federal and State

**Composite Federal and State Effective Income Tax Rate**

	<u>Eff 1/1/2018</u>	<u>2017 &amp; Prior</u>
Federal Effective Income Tax Rate	19.7368421%	32.8947368%
State Effective Income Tax Rate	6.0150376%	6.0150376%
	<u>25.7518797%</u>	<u>38.9097744%</u>

**Calculation of Effective Rates**

Assumptions:

ST = State Income Tax Expense

FT = Federal Income Tax Expense

Pre-Tax Income = \$1.00

State Statutory Income Tax Rate\*

Federal Statutory Income Tax Rate\*\*

	<u>Eff 1/1/2018</u>	<u>2017 &amp; Prior</u>
State Statutory Income Tax Rate*	6.4%	6.4%
Federal Statutory Income Tax Rate**	21.0%	35.0%

**Calculation of State Effective Income Tax Rate**

State Income Tax Expense = Statutory Rate x (Pre-Tax Income - State Income Tax Expense)

ST = .064 x (1 - ST)

ST = .064 - .064(ST)

1.064(ST) = .064

ST = .060150376 or 6.0150376% of Pre-Tax Income

**Calculation of Federal Effective Income Tax Rate**

Federal Income Tax Expense = Statutory Rate x (Pre-Tax Income - State Income Tax Expense)

Effective 1/1/18

FT = .21 x (1 - ST)

FT = .21 x (1 - .060150376)

FT = .21 - .01263157896

FT = .197368421 or 19.7368421% of Pre-Tax Income

2017 & Prior

FT = .35 x (1 - ST)

FT = .35 x (1 - .060150376)

FT = .35 - .01263157896

FT = .328947368 or 32.8947368% of Pre-Tax Income

\* Hawaii Revised Statutes §235.71 was amended for tax years beginning after 1986.

\*\* The Tax Cuts and Jobs Act changed the Federal tax rate for tax years ending after December 31, 2017.

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**TAX REPAIRS ADJUSTMENT**  
**2018**

				A	B	C = A x B	D = A - C
		HELCO-WP-F1-002	Note 2		HELCO-WP-F1-001, pg. 2		
	Life	5-Year Average	5-Year Avg Allocation	Allocated Plant Adds	Repairs Allocation	Repairs Deduction	Depreciable Basis
Information Systems/Data Handling	5	\$ 391,191					
Communication	20	2,417,372					
Office Furniture	7	437,048					
Distribution	20	37,039,805		37,039,805	15.92%	5,895,783	31,144,022
Land	-	243,757					
Other Production	15	2,571,274		2,571,274	9.65%	248,094	2,323,180
Steam & Hydraulic Production	20	38,776		38,776	55.14%	21,382	17,394
Structural	39	2,269,169					
Transmission	15	3,242,299		3,242,299	26.01%	843,310	2,398,989
Transmission	20	278,075		278,075	26.01%	72,326	205,749
Vehicles	-	2,265,574					
TOTAL		<u>\$ 51,194,338</u>	<u>0.00%</u>	<u>\$ 43,170,229</u>		<u>\$ 7,080,895</u>	<u>\$ 36,089,333</u>
						To Sch F1	

Note 1: This schedule computes the estimated amount of deductible tax repairs related to the baseline plant additions for the RAM year. The deductible tax repairs amounts are carried forward to Schedule F1 and serve to reduce the depreciable tax basis for the baseline plant additions. The repairs percentages (Column B) are calculated on HELCO-WP-F1-001, page 2.

Note 2: This allocation is no longer required because the 5 year average of additions is only baseline plant additions (excluding major additions). Previously we began with total plant additions, computed the allocation percentages, and then applied these percentages to the total RAM year baseline additions. By starting with the average baseline plant additions, the need for this allocation is eliminated.



**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**REPAIRS DEDUCTION**  
**5-Year Average**  
**2013-2017**

			Distribution	Non Steam	Steam & Hydro	Transmission
Repairs %:						
	Total Book Basis Repairs					
1	2013		5,858,939	727,153	381,488	1,728,539
2	2014		4,749,772	451,747	237,001	1,011,680
3	2015		4,648,361	-	1,543,043	1,251,849
4	2016		6,565,803	-	143,772	2,005,269
5	2017		7,656,039	61,571	545,400	982,177
6	Total		<u>\$ 29,478,914</u>	<u>\$ 1,240,470</u>	<u>\$ 2,850,704</u>	<u>\$ 6,979,514</u>
	Total Book Additions					
7	2013	HELCO-WP-F1-002	38,092,777	5,742,083	1,744,506	5,903,639
8	2014	HELCO-WP-F1-002	35,487,268	2,841,126	685,561	7,086,972
9	2015	HELCO-WP-F1-002	30,082,060	2,253,685	1,689,649	4,336,494
10	2016	HELCO-WP-F1-002	41,652,441	1,126,439	33,463	4,379,968
11	2017	HELCO-WP-F1-002	39,884,477	893,038	1,016,434	5,127,282
12	Total		<u>\$ 185,199,023</u>	<u>\$ 12,856,371</u>	<u>\$ 5,169,613</u>	<u>\$ 26,834,355</u>

<b>AVERAGE % (Line 6 / Line 12)</b>	<b>15.92%</b>	<b>9.65%</b>	<b>55.14%</b>	<b>26.01%</b>
	to HELCO-WP-F1-001, pg. 1	to HELCO-WP-F1-001, pg. 1	to HELCO-WP-F1-001, pg. 1	to HELCO-WP-F1-001, pg. 1

Note 1: Price Waterhouse Coopers assisted HELCO in its analysis of identifying deductible repairs for tax accounting purposes. The repairs percentage for each functional group represents the five year weighted average of repairs costs included in book additions.

Note 2: 2017 amounts are estimates. A complete analysis identifying deductible repairs for for 2017 has not yet been completed.

HAWAII ELECTRIC LIGHT COMPANY, INC  
2013-2017 PLANT ADDITIONS  
5-YEAR AVERAGE

LIFE	2013	2014	2015	2016	2017	Less: Major Projects	Total	5-Year Average
Info Systems/Data Handling	5	544,157	599,976	288,951	30,904	491,969	1,955,956	391,191
Communication	20	590,647	949,629	4,580,511	2,484,612	3,481,459	12,086,858	2,417,372
Office Furniture	7	89,410	35,123	305,681	1,224,720	530,304	2,185,238	437,048
Distribution	20	38,092,777	35,487,268	30,082,060	41,652,441	39,884,477	185,199,024	37,039,805
Land	-	490,177	6,476	2,100	232,084	487,946	1,218,783	243,757
Other Production	15	5,742,083	2,841,126	2,253,685	1,126,439	893,038	12,856,372	2,571,274
Steam & Hydraulic Production	20	1,744,506	685,561	1,689,649	33,463	1,016,434	193,880	38,776
Structural	39	3,380,393	1,920,479	4,627,515	412,950	1,004,508	11,345,845	2,269,169
Transmission	15	5,903,639	7,086,972	2,993,419	4,342,052	5,117,898	16,211,493	3,242,299
Transmission	20			1,343,075	37,916	9,384	1,390,375	278,075
Vehicles	-	2,438,782	2,003,232	3,497,083	1,097,722	2,291,048	11,327,868	2,265,574
							-	
TOTAL		59,016,572	51,615,842	51,663,728	52,675,304	55,208,465	255,971,692	51,194,338
		Sch D2	Sch D2	Sch D2	Sch D2	Sch D2		Sch D2
							(14,208,220)	

To Sch F1, HELCO-WP-F1-001



HAWAII ELECTRIC LIGHT COMPANY, INC.  
AVERAGE RATE BASE AND RATE OF RETURN  
(\$ Thousands)

RATE BASE	REFERENCE	Month End	
		Dec-17	Dec-16
TOTAL UTILITY PLANT	Note 2, p.8	790,007	766,222
Adjustments:			
Construction Work in Progress	Note 2, p.8	(11,922)	(12,510)
Retirement Work in Progress	Note 3	-	(2,170)
Asset Retirement Obligation	Note 2, p.10	(1,916)	(226)
Regulatory Liability for Cost of Removal	Note 2, p.10	(96,967)	(89,306)
DEPRECIATED COST OF UTILITY PLANT IN SERVICE	Note 1	679,202	662,010
REGULATORY ASSETS - SFAS 109	Note 2, p.9	6,271	11,476
REG ASSET - 2017 EXCESS ADIT	GL#18673955	16,462	-
REG ASSET- CONTRIB vs. NPPC	GL#18676030	3,047	3,047
REGULATORY ASSET - PENSION NPPC vs. Rates	GL#18676040	25,111	24,937
REGULATORY ASSET - Asset Retirement Obligation	Note 2, p.9	236	226
MATERIALS & SUPPLIES (Excluding Stores Expense)	Note 2, p.8	8,127	6,790
FUEL STOCK	Note 2, p.8	8,698	8,229
UNAMORTIZED DEFERRED HR SUITE-PHASE 1	GL#186060	776	877
UNAMORTIZED DEFERRED HR SUITE-PHASE 2	GL#186061	(270)	(236)
UNAMORTIZED DEFERRED BUDGET SYSTEM PROJECT	GL#186077	188	219
UNAMORTIZED DEFERRED IVR COSTS	GL#18670400	477	531
UNAMORTIZED DEFERRED CIS COSTS	Note 4	1,583	1,797
UNAMORTIZED GEOTHERMAL RFP COSTS	GL#18670500	1,144	-
WORKING CASH:	HELCO-WP-H-006	1,969	3,721
DEDUCTIONS:			
Unamortized Contributions in Aid of Construction	Note 2, p.10	96,884	97,211
Customer Advances for Construction	Note 2, p.10	12,738	11,259
Developer Advances	GL#25203000	3,122	-
Deferred Income Taxes	Schedule D4	58,174	110,550
Regulatory Liability - 2017 Excess ADIT - Dep	GL#25400023	54,310	-
Regulatory Liability - 2017 Excess ADIT - Other	GL#25400024	12,063	-
Unamortized Investment Tax Cr - 1962 Revenue Act & STC	GL#255200, #255030	15,991	15,651
Customer Deposits	GL#23501000	2,670	2,975
Regulatory Liability OPEB True-up	GL#25400002	1,974	1,882
TOTAL DEDUCTIONS		257,926	239,528
MONTH ENDED RATE BASE		495,095	484,096
SIMPLE AVERAGE RATE BASE		489,594	

To Sch H, Line 1 (d)

Note 1: Includes Property Held for Future Use balance of \$276,496 and \$755,042 for 2017 and 2016, respectively.

Note 2: See Hawaii Electric Light Company Inc. Monthly Financial Report - December 2017, page 8, 9 & 10, filed March 1, 2018.

\* Regulatory Assets - SFAS 109 + Regulatory Assets - 2017 Excess ADIT ties to Monthly Financial Report total of \$22,733.

\* Materials & Supplies inventory includes an adjustment of \$(438) and \$(461) representing payment lag in 2017 and 2016, respectively.

\* Customer Advances for Construction balance includes Developer Advances of \$3,122.

Note 3: Per Docket No. 2015-0170, Interim Decision and Order No. 34766 dated August 21, 2017, the Commission approved the revised rate schedules that include RWIP in rate base. Adjustment to Accumulated Depreciation not needed in 2017.

Note 4: Per Hawaiian Electric 2009 Test Year Rate Case Stipulated Settlement Agreement between the Hawaiian Electric Companies and the Division of Consumer Advocacy regarding Certain Regulatory Matters, filed January 28, 2013 in Docket No. 2008-0083 ("2013 Stipulation"), for the treatment of costs relating to the Customer Information System ("CIS"). Amortized over 12 years per Exhibit 1, page 2 of 3, footnote 2 of the 2013 Stipulation.

\* Amounts may not add up due to rounding.

HAWAII ELECTRIC LIGHT COMPANY, INC.  
Ratemaking Adjustments for Incentive Compensation and Other Non-Recoverable Expenses  
2017

Line No.	Account/Activity No.	Description	2017	Net of Tax @ 38.91%	Rounded 000s	
1	H9P 723 HEL NE NHAPRESI 900	LTIP expense (credit)	\$ 27,969			
2	H9P 723 HEL NE NHAPRESI 900	EICP expense (credit)	89,006			
3	H9P 723 HEL NE NHAPRESI 900	Manager Award	56,204			
4	H9P 700 HEL NE NHAPRESI 901	LTIP share expense	54,425			
5	H9P 700 HEL NE NHAPRESI 901	Other incentive awards	92,549			
6	PWO AD 0000024	SPOT Awards	14,219			
7	40804100	Payroll Taxes related to incentive compensation	9,484			
8	Provided by HEI	HEI charges for incentive compensation	66,776			
9	H9P723HELNENHAPRESI900	Annual Team Incentive	70,007			Incentive
10	H9P723HELNENHAPRESI900	Transformation incentive	(8,332)	\$ 288,534	\$ 289	To Sch H, Line 2a
11						
12	P#R0001202 & HECO P#R0005162	Executive life insurance (COLI) expense (credit) <b>not tax deduct</b>	(100,656)			
13	Dues Schedule	Company memberships <b>not tax deduct</b>	10,588			
14		(portion of EEI dues related to EEI's Government Affairs group,				
15		Communication, Marketing, Customer, and Employee				
16		Relations group)				
17	Provided by HEI	HEI charges for outside services (plan admin, legal fees, audit				
		fees) - Executives	26,822			
18	AD001026	HEIRS 401K	15,645			
19	HR000146	Service awards	-			
20	HNP 779 HEL NE NHNZZZZZ 501	Non-qual pension	8,384			
21	HNP 779 HEL NE NHNZZZZZ 501	OPEB (Executive life portion only)	51,959			Other
22	Docket 2009-0164 - T-11, Att 3	Management Increase	194,000	\$ 91,254	\$ 91	To Sch H, Line 2b
23						
24		Total adjustment to operating income	679,050			
25		Tax on adjustments	(299,262)	To HELCO-WP-H-006		
26		Net adjustment to operating income	\$ 379,788	\$ 379,788	\$ 380	

HAWAII ELECTRIC LIGHT COMPANY, INC.  
Income Tax On Items To Be Replaced By Synchronized Interest  
2017

Description	Source	2017	Rounded 000s
Total Interest Charges	PUC report, p. 1	\$ 11,857,105	
Less: Int on Customer Deposits	Account 43105000	(153,359)	
AFUDC-Debt	NARUC 420030	(238,189)	
Amort of Inv Inc Differential	NARUC 403030	<u>23,536</u>	\$ 24 To Sch H, Line 2c
Total		\$ 11,489,093	
	Tax rate	<u>38.91%</u>	
		<u>\$ 4,470,406</u>	\$ (4,470) To Sch H, Line 2d

HAWAII ELECTRIC LIGHT COMPANY, INC.  
Ratemaking Capitalization  
2017  
(\$ in Thousands)

	Simple Average <u>Balance*</u>	<u>Ratios</u>	<u>Cost Rate</u>	<u>Weighted Cost of Debt</u>
Short-Term Debt	-	0.00%	0.00%	0.00%
Long-Term Debt	202,574	39.88%	5.38%	2.14%
Hybrid Securities	9,552	1.88%	7.19%	0.14%
Preferred Stock	6,728	1.32%	8.16%	0.11%
Common Equity	289,049	56.91%	9.50% <sup>1</sup>	5.41%
	<u>507,903</u>	<u>100.00%</u>		<u>7.80%</u>

Sch H, line 10

	<u>NARUC/ GL Code</u>	<u>YTD Dec 2017 (\$000s)</u>	<u>Cost Rate</u>
Short-Term Debt:			
Interest on Debt Assoc Co	430	650	
Less: Interest on QUIDS	43006000	(650)	
Int Exp-Commercial Paper	43100000	-	
Int Exp-SCF Loans	43108000	-	
Int Inc-Assoc Cos.	419300	(55)	
		<u>(55)</u>	0.00%
Long-Term Debt:			
Amort of Debt Disc & Exp	428	436	
Less: Hybrid Sec Amort of Iss Exp	428QUID1-3 (see below)	(36)	
Interest on Long-Term Debt	427	10,466	
Amort Inv Inc Differential	403030	24	
		<u>10,889</u>	5.38%
Hybrid Securities:			
Interest on QUIDS	43006000	650	
Amort Exp-QUID1 Iss Exp	428QUID1	13	
Amort Exp-QUID2 Iss Exp	428QUID2	13	
Amort Exp-QUID3 Iss Exp	428QUID3	10	
Equity in Net Inc of Trust	421070	-	
		<u>686</u>	7.19%
Preferred Stock:			
Amort of Pfd Stk Iss Exp	42501000	15	
Preferred Stock dividends	437	534	
		<u>549</u>	8.16%

Note 1: Per Interim Decision and Order No. 34766, issued in Docket No. 2015-0170 dated August 21, 2017.

\* Short-Term Debt based on a 12 month average.

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**Earning Sharing Credits Recorded (net of tax)**  
**2017**

Earnings Sharing Credits Recorded	\$	-	
Revenue Taxes @ 8.885%	\$	-	
	<hr/>		
	\$	-	
Income Taxes @38.9097744%	\$	-	
	<hr/>		
Reduction to operating income	\$	-	<i>To Sch H, Line 2e</i>



HAWAII ELECTRIC LIGHT COMPANY, INC.  
WORKING CASH  
2017

Note 1

Line No.	Description	Reference	2017	Net Collection Lag (Days)	Amount	
	(a)	(b)	(c)	(d)	(e)=(c)/365x(d)	
1	Fuel Oil	Trial Balance: B20	63,894	22.2	3,886	
2	Purchased Power	GL #555	87,772	-0.4	(96)	
3	Current Income Taxes					
		Dec. 2017 PUC Monthly				
4	Income Tax	Report, Page 2	10,150			
5	Income Tax related to Disallowed Items	HELCO WP-H-002	299			
6	Reversal of Tax Related to Int Synch Replacement	Sch H-Line 2d	4,470			
7	Tax Related to Int Synch	Sch H-line 13 - 13a	(4,342)			
8	Total	Sum of Line 4-7	10,577	-1.2	(35)	
9	Revenue Taxes					
10	Franchise	GL #408010	8,284			
11	PSC	GL #408020	19,749			
12	PUC Fee	GL #408030	1,678			
13	Total	Sum of Line 10-12	29,711	-48.4	(3,940)	
14	O&M Labor					
15	O&M labor	Acct. Dept. O&M report	18,032	18,032	27.1	1,339
16	O&M Non-Labor					
17	O&M Expense	Trial Balance: G30	66,212			
18	O&M Labor Excl Fuel Labor	(see O&M Labor above)	(18,032)			
19	Less: Bad Debt Expense	GL #904	(335)			
20	Pension Reg Asset/Liab Amort	HELCO-WP-H-006 pg. 2	(1,678)			
21	OPEB Reg Asset/Liab Amort	HELCO-WP-H-006 pg. 2	110			
22	Sys Develop Amortization	HELCO-WP-H-006 pg. 2	(478)			
23	Payroll Tax	GL #408050	1,362			
24	Interest on Customer Deposits	GL # 43105000	53			
25	Total	Sum of Line 17-24	47,214	6.3	815	
		Sum of Line 1, 2, 8, 13, 15, 25			1,969	
26	Working Cash					

To HELCO-WP-H-001

To HELCO-WP-H-001

Note 1: See Docket No. 2015-0170, Order No. 34766, Exhibit B, page 2, filed August 21, 2017.

HAWAII ELECTRIC LIGHT COMPANY, INC.  
O&M Non-Labor  
2017

**Pension Regulatory Asset Amortization**

	Pension Asset Amort 18676010/25400019	Reg Asst Cont vs NPPC 18676030	Pension Reg Asset Amort 18676040	Total	O&M % Portion 74.88% Note 1	O&M % Portion 52.60% Note 2	Annual 2017	Rounded 000s
Jan-Sept 2017	298,379	52,387	1,047,932	1,398,698	1,047,345			
Oct - Dec 2017	(68,499)	(52,387)	1,320,999	1,200,113		631,259	1,678,605	1,678
				2,598,811				

To HELCO-WP-H-006, p 1, line 20

**OPEB Regulatory Asset Amortization**

	OPEB Reg Asset/Liab Amort 18677040/25400002	O&M % Portion 74.88% Note 1	O&M % Portion 52.60% Note 2	Rounded 000s
Jan-Sept 2017	(74,444)	(55,744)		
Oct - Dec 2017	(104,001)		(54,705)	(110,448)
	(178,445)			(110)

To HELCO-WP-H-006, p 1, line 21

**System Development Amortization**

HRS Amort 186060	HRS Amort 186061	Bud Sys Amort 186077	CIS Amort 18605005/	IVR Amort 18670400	Geothermal Amort 18670500	RC Costs Amort 18672500	Total	Rounded 000s
101,313	33,733	10,287	70,444	18,167	81,708	162,444	478,096	478

To HELCO-WP-H-006, p 1, line 22

Note 1: See Docket No. 2009-0164, Parties' Stipulated Settlement Letter, HELCO T-10 Attachment 3, filed September 16, 2010.

Note 2: See Docket No. 2015-0170, Rebuttal Testimonies, Exhibits, and Workpapers Book 2, HELCO-RWP-1910, page 1 of 2.


Note 3: See Docket No. 2015-0170 - Hawaii Electric Light 2016 Test Year Rate Case Parties' Stipulated Settlement Letter, HELCO T-11, Attachment 2, Final Settlement.

Note 4: See Docket No. 2015-0170 - Hawaii Electric Light 2016 Test Year Rate Case Parties' Stipulated Settlement Letter, Exhibit 1, page 58 - 59. In the interest of simplifying the issues and expediting the regulatory process, the company excluded amortization of rate case costs from the working cash calculation.

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**Special Medical Needs Program Discount (net of tax)**  
**2017**  
**Amounts in (\$000s)**

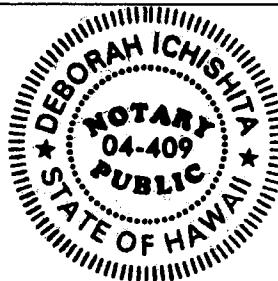
Special Medical Needs Program Discount	20
Revenue Taxes @ 8.885%	<u>(2)</u>
	18
Income Taxes @38.9097744%	<u>(7)</u>
Reduction to operating income	<u>11</u>
	<i>To Sch H, line 2f</i>

STATE OF HAWAI'I )  
 )  
 ) SS.  
CITY AND COUNTY OF HONOLULU )

  
Brian Y. Hiyane

A circular notary seal for Deborah Ichishita, a Notary Public in the State of Hawaii. The seal features the text "DEBORAH ICHISHITA" at the top, "NOTARY" in the center, "04-409" below it, and "PUBLIC" at the bottom. The words "STATE OF HAWAII" are written along the bottom inner edge of the seal. The seal is surrounded by a decorative border of small vertical lines.

Heborah Ichikita 3/29/18  
Notary Signature Date



CERTIFICATE OF SERVICE

I hereby certify that the foregoing Transmittal No. 18-02 was served on the date of filing  
by hand delivery, as indicated below.

Dean Nishina  
Executive Director  
Division of Consumer Advocacy  
Department of Commerce and Consumer Affairs  
335 Merchant Street, Room 326  
Honolulu, Hawai'i 96813

2 copies  
via Hand Delivery

Dated: Honolulu, Hawai'i, March 29, 2018.

HAWAIIAN ELECTRIC COMPANY, INC.



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Michael Chu