

FILED

2017 MAR 31 P 3:31

PUBLIC UTILITIES COMMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAI'I

In the Matter of the Application of	)	
	)	
MAUI ELECTRIC COMPANY, LIMITED	)	Transmittal No. 17-04 (Decoupling)
	)	
For approval to modify the RBA Rate Adjustment	)	Effective
in Its Revenue Balancing Account Provision Tariff	)	Date: June 1, 2017
_____	)	

I

Maui Electric Company, Limited ("Maui Electric" or "Company") files this transmittal to revise paragraph E (Tariff Sheet Nos. 97D, 108D and 152D for Maui, Lāna'i and Moloka'i Divisions) of its Revenue Balancing Account ("RBA") Provision tariffs ("RBA Tariffs") to increase the RBA Rate Adjustment by \$0.002365 from the current rate of \$0.014082 per kilowatt-hour ("kWh") to the new rate of \$0.016447 per kWh for all divisions, effective June 1, 2017 through May 31, 2018. The RBA Rate Adjustment is based on the Company's RBA balance at the end of 2016 and the Company's Rate Adjustment Mechanism ("RAM") Revenue Adjustment for calendar year 2017.

II

Maui Electric, whose principal place of business and administrative offices are located at 210 West Kamehameha Avenue, Kahului, Hawai'i, is a corporation duly organized under the laws of the Territory of Hawai'i on or about April 28, 1921, and now exists under and by virtue of the laws of the State of Hawai'i. Maui Electric is an operating public utility engaged in the

production, purchase, transmission, distribution and sale of electricity on the islands of Maui, Lānaʻi and Molokaʻi.

### III

Correspondence and communications in regard to this Transmittal No. 17-04 are to be addressed to:

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

### IV

Maui Electric seeks Commission authorization of this tariff transmittal pursuant to Sections 6-61-111, 6-61-74, 6-61-75, and 6-61-86 of the *Rules of Practice and Procedure before the Public Utilities Commission*, Hawaii Administrative Rules (“HAR”), Title 6, Chapter 61. 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, Maui Electric incorporates by reference its latest available balance sheet and income statement for the twelve months ending February 28, 2017, filed with the Commission on March 30, 2017.

Beginning in 2013, Maui Electric filed tariff transmittals to annually establish an RBA Rate Adjustment, which the Commission subsequently approved.<sup>1</sup> On May 31, 2013, the Commission issued Order No. 31289 in Docket No. 2013-0141 to open an investigative docket to review whether the decoupling mechanisms are functioning as intended, are fair to the Companies<sup>2</sup> and their ratepayers, and are in the public interest, and named the Hawaiian Electric Companies and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs (“Consumer Advocate”) to be parties in this proceeding.<sup>3</sup> The Commission later granted motions to intervene filed by the County of Hawai‘i, Hawaii Solar Energy Association, Blue Planet Foundation and Hawaii Renewable Energy Alliance. In Order No. 31484 (pages 4 and 16), the Commission stated that it would divide the issues in this docket into two categories, Schedule A and Schedule B, and address them pursuant to separate procedural schedules.

On February 7, 2014, the Commission issued Decision and Order No. 31908 on the Schedule A issues, 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

---

<sup>1</sup> Refer to Transmittal Nos. 13-01, 13-04, 14-05, 15-05, and 16-03 filed March 28, 2013, May 1, 2013, March 31, 2014, March 31, 2015, and March 31, 2016 respectively and approved in *Order No. 31287 Consolidating Proceedings and Approving Multiple Tariff Transmittals*, *Order No. 32112 Consolidating Proceedings and Approving Tariff Transmittals*, and *Order No. 32883 Consolidating Proceedings and Approving Amended Tariff Transmittals*, and *Order No. 33724 Consolidating Proceedings, Providing Clarifications, and Approving Tariff Transmittals As Amended*, respectively. Prior to the first decoupling transmittal in 2013, the Company filed schedules and workpapers in support of the 2012 RBA Rate Adjustment for informational purposes only. For information on past years’ filings as well as additional background information on decoupling, refer to the transmittals cited here.

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

<sup>3</sup> See *Order No. 31289 Initiating Investigation*, issued May 31, 2013, in Docket No. 2013-0141.

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 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> On February 28, 2014, the Companies filed amended tariffs implementing the provisions of the decision and order and on March 28, 2014, the Commission approved the Companies' amended tariff sheets in Order No. 32001 in Docket No. 2013-0141.

In Decision and Order No. 31908, 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;

---

<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.

- 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;
- 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

---

<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.

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

For each of the Hawaiian Electric Companies, for the calculation of the RAM Cap for the 2015 RAM Revenue Adjustment and until issuance of a final decision and order in the next rate case for each Company, the target revenues that will serve as the basis for the incremented cap will be the 2014 annualized target revenues.<sup>11</sup> 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 revenue determined in accordance with the RBA tariff based on the results of the Company’s most recent final rate case decision.<sup>12</sup>

## VII

By this Transmittal, Maui Electric proposes to revise its decoupling RBA Rate Adjustment from the current rate of \$0.014082 per kWh to the new rate of \$0.016447 per kWh, effective June 1, 2017 through May 31, 2018.

---

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

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

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

<sup>11</sup> Order No. 32735 at 95.

<sup>12</sup> Order No. 32735 at 96.

The Company calculated its RBA Rate Adjustment according to its RBA and RAM tariff provisions<sup>13</sup> and the provisions of Order Nos. 32735 and 32866. The 2017 RBA Rate Adjustment includes the recovery of the RBA balance at year end 2016 and the calculated RAM revenue adjustment for calendar year 2017. Approximately 16% of the RBA Rate Adjustment includes the recovery of the RBA balance at year end 2016 and 84% corresponds to the 2017 RAM Revenue Adjustment. There are no adjustments to the RBA Rate Adjustment for earnings sharing revenue credits triggered for 2016 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 Maui Electric residential customer using 500 kWh of electricity in Maui would increase by \$1.18 and for a household using 400 kWh of electricity in Lāna‘i and Moloka‘i would increase by \$0.95.<sup>14</sup>

The 2017 RBA Rate Adjustment will replace the 2016 RBA Rate Adjustment in the Company’s Revenue Balancing Account Provision tariff and, as more fully discussed below, reflects the RBA balance as of the end of 2016, and the RAM Revenue Adjustment based on the Original RAM Methodology. The following sections explain the amounts that make up the 2017 RBA Revenue Adjustment.

### 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

---

<sup>13</sup> Maui, Lāna‘i and Moloka‘i Divisions have similar RBA and RAM tariff provisions. Refer to: Revised Sheet Nos. 96, 96A – 96 H, 97 and 97A – 97D for Maui Division; Revised Sheet Nos. 107, 107A – 107H, 108 and 108A – 108D for Lāna‘i Division; and Revised Sheet Nos. 151, 151A – 151H, 152 and 152A – 152D for Moloka‘i Division.

<sup>14</sup> The monthly bill impact for a household using 500 kWh with the revised rate would be \$8.22 in Maui as compared to \$7.04, based on the current rate. The monthly bill for a household using 400 kWh with the revised rate would be \$6.58 on Lāna‘i and Moloka‘i as compared to \$5.63, based on the current rate.

sales and total electric revenue.<sup>15</sup> The approved RBA tariff allows Maui Electric to record revenues only at target revenue levels (i.e., those authorized in the 2012 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. As a result, effective March 1, 2014, the annual rate used to calculate interest on the RBA balance changed from 6% to 1.25%, 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 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 2016 was \$2.6 million, and consisted of revenues recorded in the RBA as a result of decoupling, net of the amounts recovered through the RBA Rate Adjustment, since the inception of decoupling at Maui Electric in 2012. This is a decrease of \$0.2 million from the RBA balance at the end of 2015 of \$2.8 million, and was the result of Maui Electric recovering \$4.6 million of the RBA balance through the RBA Rate Adjustment and recording \$4.4 million in revenues,<sup>16</sup> adjustments, and interest for 2016. Therefore, the 2016 year-end balance of \$2.6 million represents the unrecovered cumulative RBA balance and additional amounts due to a shortfall in revenues<sup>17</sup> resulting from lower sales in 2016. Because the revenues associated with the RBA balance have already been recorded,

---

<sup>15</sup> Refer to page 101 of Decision and Order No. 30365, issued May 2, 2012, in Docket No. 2009-0163.

<sup>16</sup> The represents the difference between target revenues and recorded adjusted revenues, plus any adjustments for 2016.

<sup>17</sup> That is, "recorded adjusted revenue" as defined in the RBA Tariff.

they have already been reflected in the Company's net income and will not contribute to the Company's earnings in 2017. The 2016 year-end RBA balance of \$2.6 million is grossed-up to \$2.9 million to include revenue taxes.

Maui Electric's 2016 recorded sales totaled 1,117.7 gigawatt-hours ("GWh"), which was 84.0 GWh, or 7.0% lower than the 1,201.8 GWh test year amount (based on the March 2011 forecast) adopted in the Maui Electric 2012 test year rate case. After a slight increase in sales in 2015, 2016 sales continued the overall downward trend since 2012.<sup>18</sup>

The residential and commercial sectors both experienced lower sales in 2016 compared with 2012 test year levels, with the larger shortfall of 14.5% in the residential sector where customers decreased their average monthly usage by 16.6%, as compared to the commercial sales shortfall of 2.9% (see Table 1 below).

---

<sup>18</sup> The actual sales for 2012 totaled 1,144.8 GWh, a difference of 56.9 GWh, or -4.7%, from the test year estimate. If the 2012 test year sales estimate had been lower (e.g., closer to actual sales for 2012), then the current RBA balance would have been lower, but the effective per kWh interim surcharge and final base rates resulting from the rate case would have been higher. As a result, the net impact on customers over the period between rate cases would have been the same.

Table 1  
Comparison of TY2012 to actuals

	TY2012	2012	2013	2014	2015	2016	Diff Btw 2016 and TY2012	% Diff
<b>Residential Sector</b>								
Sales (GWh)	428.3	395.3	387.9	382.0	381.2	366.4	(61.9)	-14.5%
Customers	58,767	58,610	59,191	59,610	60,019	60,389	1,622.0	2.8%
Average Monthly Use (kWh/Customer)	607	562	546	534	529	506	(101.0)	-16.6%
Distributed Renewable Generation GWh Impacts <sup>1</sup>	7.2	17.1	31.9	46.2	64.3	85.0	77.8	1073.9%
Energy Efficiency Impacts (GWh) <sup>2</sup>	25.0	36.8	43.4	49.3	55.4	30.4	30.4	121.4%
Electricity Nominal Price ¢/kWh <sup>3</sup>	35.0	38.7	37.9	37.8	31.0	28.5	(6.5)	-18.6%
<b>Commercial Sector</b>								
Sales (GWh)	773.5	749.5	747.0	750.1	756.5	751.4	(22.1)	-2.9%
Customers	9,988	9,950	10,094	10,194	10,264	10,336	348.0	3.5%
Renewable Generation GWh Impacts <sup>4</sup>	8.5	10.6	19.2	24.8	31.3	40.4	31.9	376.6%
Energy Efficiency Impacts (GWh) <sup>2</sup>	57.6	63.9	69.0	73.7	79.5	21.9	21.9	38.0%
Electricity Nominal Price ¢/kWh <sup>3</sup>	33.0	37.4	36.2	36.1	29.0	26.5	(6.5)	-19.6%
Total Sales (GWh)	1,201.8	1,144.8	1,134.9	1,132.1	1,137.6	1,117.7	(84.0)	-7.0%
% Difference		-4.7%	-0.9%	-0.2%	0.5%	-1.7%		
<b>Weather</b>								
Cooling Degree Days (Maui) <sup>4</sup>		3,905	4,293	4,454	4,520	4,521		
Average Dewpoint Temperature (degrees)		63.3	66.6	66.1	66.7	66.2		

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

<sup>2</sup> Actuals include impacts provided by Hawaii Energy and are subject to change.

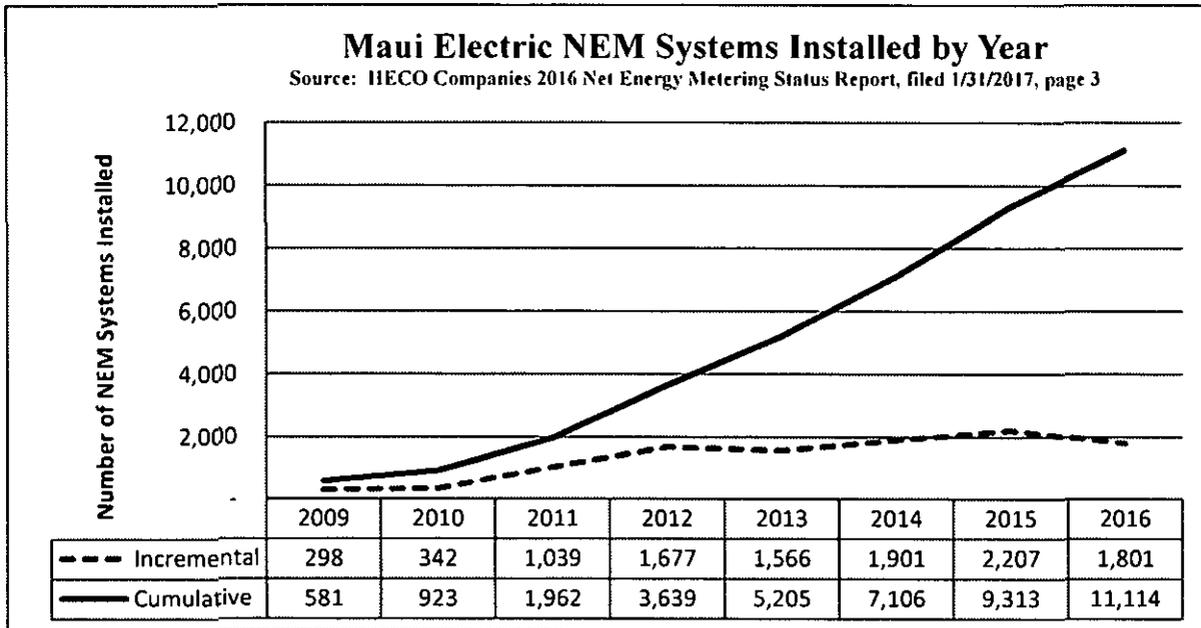
Complete calendar year 2016 data was not available at the time of this filing and therefore calendar year 2015 was used in the comparison to TY2012.

<sup>3</sup> Maui Only - excludes Schedule F

<sup>4</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.

Several factors contributed to the lower than forecasted sales in 2016. First, significantly higher penetration of customer-sited renewable generation systems installed under Net Energy Metering (“NEM”), Standard Interconnection Agreements (“SIA”), Feed-In-Tariffs (“FIT”), Customer Grid-Supply (“CGS”), and Customer Self-Supply (“CSS”) had a significant impact on sales. The cumulative 2016 impacts of systems installed under NEM, SIA, FIT<sup>19</sup>, CGS, and CSS were higher than the 2012 test year assumed impacts by 1,073.9% for the residential sector and 376.6% for the commercial sector. As shown in the 2016 Net Energy Metering Status Report filed January 31, 2017, page 3, the cumulative number of NEM installed systems on Maui Electric’s grid jumped from 581 in 2009 to 11,114 in 2016, a 1,813% increase over seven years. Refer to the graph below for the number of NEM systems installed by year.

<sup>19</sup> The impacts to sales under FIT are associated with the output from the system that offsets a customer’s load as opposed to what is sold to the Company.



Second, the actual impact to sales from the installation of energy efficient technologies was also greater than the 2012 test year rate case forecast. Forecasted impacts were consistent with those filed in the Integrated Resource Planning (“IRP”) proceeding, Docket No. 04-0077, as a more updated demand side management (“DSM”) forecast was not available at that time. From 2012 through 2016, the Public Benefits Fund Administrator achieved greater kWh reduction impacts than what was assumed in the test year.

The decline in sales in 2016 was partially offset by the effects of warmer and more humid weather compounded by relatively lower electricity prices driven by lower fuel oil prices and load from new construction projects.

In summary, declining sales in 2016 created a shortfall in electric sales revenue and the recovery of the Company’s fixed costs for the provision of electric service to its customers. Overall, the RBA balance decreased to \$2.6 million at the end of 2016.

## 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 2017 decoupling annual filing, the Company calculated the RAM Revenue Adjustment to be lower using the Original RAM Methodology so therefore the RAM Cap is not applied for the 2017 RAM Revenue Adjustment. See Schedule A1 and the summary table below.

	<u>RAM Cap<sup>20</sup></u>	<u>Original RAM Methodology<sup>21</sup></u>
2017 RAM Revenue Adjustment	\$15.5 million	\$15.0 million

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

### **RAM Revenue Adjustment Cap**

Order No. 32735 at 95-96, explains that the RAM Cap will be based on the 2014 adjusted target revenues multiplied by the cumulative annually compounded increases in the GDPPI for intervening years, adjusted to include applicable revenue taxes. As shown in Schedule J in Attachment 2, the adjusted 2015 Target Revenues is \$143.9 million. This amount is then added

---

<sup>20</sup> 2017 RAM Cap \$15,459,565 is calculated as 2017 RAM Cap (\$15,066,192) + Exceptional And Other Matters (\$393,373). See Schedule A1.

<sup>21</sup> 2017 RAM Under Existing Tariffs \$14,986,841 calculated as: O&M RAM (\$4,902,267) + Rate Base RAM-Return on Investment (\$6,396,210) + Depreciation and Amortization Expense (\$4,486,930) less Adjustment for Change in On-cost Clearing Allocation (-\$798,567). See Schedule A1.

Order No. 32866, paragraph 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 in its response to CA-IR-1(b). The RAM calculation for 2015 included an adjustment based on the actual 2014 O&M impact due to the change in on-cost clearing allocation. Therefore, in calculating the 2017 RAM revenue adjustment under the Original RAM Methodology, the adjustment has been updated to reflect the actual 2016 O&M impact of the change in on-cost clearing allocation. See HECO-WP-A1-001.

to the adjusted 2016 RAM Cap increase of \$2.2 million<sup>22</sup>. This results in a 2016 target revenue total of \$146.0 million. The 2016 target revenue total is then multiplied by the 2017 GDPPI of 2.00% to calculate the 2017 RAM Cap increase (excluding Exceptional and Other Matters) of \$2.9 million.

The incremental 2016 RAM Cap increase of \$2.9 million is then added to the adjusted 2016 RAM Cap of \$12.1 million to calculate the 2016 RAM Cap total of \$15.1 million. \$0.4 million in “Exceptional and Other Matters” reflecting the RAM calculation for the Customer Information System (“CIS”) deferred project cost is then added to the \$15.1 million to arrive at a Total 2017 RAM Revenue Adjustment Cap of \$15.5 million.

#### **RAM Revenue Adjustment- Original RAM Methodology**

The RAM Revenue Adjustment determined under the Original RAM Methodology totaled \$15.0 million. 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 lower than the 2017 RAM Cap shown above, the RAM Revenue Adjustment calculated under the existing tariffs and procedures is applied for the 2017 RAM Revenue Adjustment.

#### **O&M RAM Adjustment**

The 2017 O&M RAM adjustment is \$4.9 million, as calculated under the Original RAM Methodology.. It includes the adjustments to the Commission-approved 2012 test year rate case labor (bargaining unit only) and certain non-labor costs. As specified in the Rate Adjustment Mechanism Provision tariff, these adjustments, covering the escalation in costs for 2013 through

---

<sup>22</sup> The \$2.2 million 2016 RAM Cap increase is calculated by multiplying the 2015 target revenues of \$143.9 million by the 2016 GDPPI of 1.5%, as shown in Transmittal 16-03, Attachment 2, Schedule J, filed on March 31, 2016.

2017, are based on bargaining unit wage increases as provided for in the current Collective Bargaining Agreement<sup>23</sup> with labor 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.) The 2017 O&M RAM adjustment amount is higher than in 2016 because it covers five years of inflation and wage increases compared to the 2016 filing, which covered those increases for four years.

Non-bargaining unit labor is not subject to escalation in the RAM. Further, the non-labor cost escalation rate does not apply to any fuel, purchased power, 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.

#### Rate Base RAM and Depreciation and Amortization RAM

The rate base RAM return on investment adjustment (“Rate Base RAM Adjustment”) is \$6.4 million, and the depreciation and amortization RAM expense is \$4.5 million, as calculated under the Original RAM Methodology.

The \$6.4 million Rate Base RAM Adjustment estimated for the rate base RAM covers the return for the following investments:

- \$38.1 million in plant investments that went into service in 2016<sup>24</sup> and are currently serving customers; these included the following:
  - \$19.0 million for grid modernization and technology platform improvements to provide the foundation needed to safely and reliably integrate higher levels of

---

<sup>23</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, and January 1, 2017, and a 3.25% increase effective January 1, 2016, based on January 1, 2013 wage rates.

<sup>24</sup> *Exemption From and Modification of General Order No. 7, Paragraph 2.3(g), Relating to Capital Improvements, Capital Projects Completed in 2015* (“2015 G.O. 7 Report”), Attachment 3, page 1 in Docket No. 03-0257, dated March 30, 2017.

variable renewable energy. Investments in this category included the installation through a partnership with Hawaii Natural Energy Institute (HNEI) of a battery energy storage system on the island of Molokai to control system frequency and voltage, replacement of transmission structures damaged by a brush fire, and proactive replacement of aging plant, including the replacement of substation transformers, switchgears, overhead transformers, underground cables, and poles;

- \$9.7 million for investments to improve quality customer experience and innovative energy solutions. Investments in this category included costs to install new customer service or extend existing service;
- \$8.2 million of investments contributing to Company efforts towards a cost-effective, clean energy portfolio. Significant investments in this category related to the Company's generating units consisted of replacement of a cracked crankshaft, replacement of a hot section, a generator stator rewind to return a unit to operations, and upgrades of Molokai's generating unit controls to a digital system. The Company also completed its modification of two underground injection control wells that are an integral component of the water treatment process required to operate the combustion turbine generators. Replacements for existing combustion turbine equipment, station battery charger, and boiler pumps were also purchased during the year.
- \$1.1 million of foundational investments to address safety needs and employee capabilities. Included in this category were the replacement of pole mount transformers at the Miki Basin substation that presented a safety hazard to employees and work to remediate damages to utility property by the public.

- \$33.3 million in plant investments that went into service in 2015 and are currently serving customers.
- \$49.6 million in plant investments that went into service in 2014 and are currently serving customers.
- \$58.0 million in plant investments that went into service in 2013 and are currently serving customers.
- \$48.3 million in plant investments that went into service in 2012 and are currently serving customers.<sup>25</sup>
- \$57.4 million in 2017 baseline additions (based on a five-year historical average) and major project additions included in the rate base RAM on a simple average RAM year basis (i.e., one-half of the \$57.4 million, or \$28.7 million).

These plant additions, which increase the rate base RAM, are partially offset by increases in accumulated depreciation, contributions in aid of construction (“CIAC”) and accumulated deferred income taxes (“ADIT”). The increase in CIAC reflects the actual CIAC as of December 31, 2016, plus a five-year average of the baseline CIAC, less amortization of CIAC for 2017. The ADIT continued to increase primarily as a result of accelerated tax deductions taken for bonus depreciation resulting from the Protecting Americans from Tax Hikes (“PATH”) Act of 2015. The ADIT adjusted recorded balance at December 31, 2016 incorporates the agreement<sup>26</sup> between the Consumer Advocate and the Company to adjust rate base by an amount equivalent to the ADIT related to the tax loss carryforward in rate base. As a result, the

---

<sup>25</sup> The 2012 Rate Case included one-half of the 2012 test year estimate for 2012 plant additions. The 2013, 2014, 2015, 2016, and 2017 rate base RAMs include return on the full year actual 2012 plant additions.

<sup>26</sup> *Transmittal No. 13-01 (Decoupling), Maui Electric Company, Limited – Parties’ Letter Agreement* filed on May 14, 2013, pages 2-3.

December 2016 rate base has been decreased by \$8.5 million, thus decreasing the average rate base and its related rate base RAM return on investment.

The Depreciation and Amortization RAM adjustment of \$4.5 million reflects a corresponding increase to depreciation and amortization expense above amounts in current revenue due to the net plant additions in 2012, 2013, 2014, 2015, 2016 and the inclusion of CIS deferred project costs amortization.

#### Earnings Sharing Calculation Issues

Two issues in this year's decoupling filing related to earnings sharing are discussed below along with the Company's proposals to address these issues:

- In July 2016, the Company discovered that an incorrect programming of a report developed when the new Customer Information System was implemented resulted in an overstatement of interest expense accrued since May 2012. The overstatement was deemed immaterial for financial statement purposes and reflected in 2016 results; however, had the interest expense been adjusted for in 2013 and 2014, the amount of 2014 and 2015 earnings sharing revenue credit would have been slightly higher. The Company is proposing a one-time adjustment for an adjusted 2014 and 2015 earnings sharing revenue credit in the amount of a \$39,677 refund, which includes interest, to customers. For more details on the calculation, please see Attachment 2, Schedule A, H1, H2 and MECO-WP-H1-001.
- Since the Earnings Sharing Mechanism was implemented in the decoupling filings in 2012 for Hawaiian Electric and in 2013 for Hawai'i Electric Light and Maui Electric, actual recorded cost of capital has been used for earnings sharing

calculations. This practice was based on discussions with the parties and has resulted in the benefit of lower cost of capital being passed to customers via the Earnings Sharing Mechanism. However, this year it was noted that in its Final Decision and Order in Docket No. 2008-0274, page 61, filed on August 31, 2010, the Commission stated:

“Capital ratios and costs rates will be retained as authorized in either the most recently issued rate case interim or final decision, and synchronized interest will be updated using methods employed in that last rate case for purposes of the earnings sharing mechanism.”

In reviewing the previous years’ decoupling filings, in most years, the use of actual recorded cost of capital has resulted in larger cost savings being passed to customers through the Earnings Sharing Mechanism. Please see MECO-WP-H-008 for more details.

The Company is proposing to revise Sheets No. 96D (Maui), 107D (Lana’i), and 151D (Moloka’i), subpart a, in its Rate Adjustment Mechanism Provision tariff, as shown in Attachment 1, to formally incorporate the use of the actual cost of capital in the earnings sharing calculation. This clarification would not impact any of the previous years’ decoupling filings.

#### RBA Revenue Adjustment

In total, Maui Electric’s 2017 RBA Revenue Adjustment is \$17.8 million, consisting of \$2.9 million for the RBA balance for year-end 2016 and \$15.0 million in RAM revenue adjustment for 2017.

#### Customer Billing Adjustments

The Company also proposes to delete a provision in the Revenue Balancing Account Provision tariff on entries to the RBA to correct billing errors. In Transmittal Nos. 15-03, 15-04 and 15-05, the Consumer Advocate recommended that the “extensive manual analyses of out-of-

period customer billing adjustments, which [have] historically been undertaken by the Hawaiian Electric Companies, should be discontinued effective in 2015” and stated the following:

Customer billing adjustments will flow naturally through the billed revenue accounts feeding into the calculation of recorded, adjusted revenues on Schedule B2 and the proposed elimination of the manual analysis of each adjustment to determine prior period months affected will significantly simplify RBA accounting efforts for the Hawaiian Electric Companies and corresponding review efforts for the Consumer Advocate and the Commission. The Hawaiian Electric Companies should continue to report each customer billing adjustment within its standard data responses prepared and submitted with each monthly RBA packet, so that individual adjustments can be selected for review by the Consumer Advocate, as necessary.

The Company agrees with the Consumer Advocate’s recommendation and proposes a threshold on the Consumer Advocate’s reporting recommendation, as explained in MECO-WP-B-005 and therefore proposes to delete the associated tariff provision on Revised Sheet No. 97B (Maui), 108B (Lana‘i), and 152B (Moloka‘i) of the Revenue Balancing Account Provision tariff regarding entries to the RBA to correct individual billing errors.

#### Special Medical Needs Pilot Program

By virtue of the Commission’s approval of Transmittal No. 17-01, the Special Medical Needs Pilot Program (“SMNPP”) rates in the Schedule R Residential Service tariffs will be authorized based rates effective April 1, 2017.<sup>27</sup> Thus, the revenue from the lower SMNPP rates in the Schedule R Residential Service tariffs will be included in the recorded adjusted revenue<sup>28</sup> as a credit entry into the RBA. Because the base rates for the SMNPP customers will be lower than before for these customers, the recorded adjusted revenue for the Companies entered into

---

<sup>27</sup> On March 28, 2017, the Commission issued Decision and Order No. 34467, approving Transmittal No. 17-01, subject to certain conditions, and the SMNPP rates, effective April 1, 2017.

<sup>28</sup> 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.

the RBA will be lower. As a result, the difference between target revenue and recorded adjusted revenue will be larger and will be reflected as a larger RBA balance, which in turn will be recovered through the RBA Rate Adjustment. The flow through of the larger difference between target revenue and recorded adjusted revenue resulting from the SMNPP rates in the Schedule R Residential Service tariffs would occur in accordance with the approved Schedule R (effective April 1, 2017) and the currently approved RBA Provision tariffs. Therefore, no changes to the Companies' tariffs would be required.

On January 18, 2017, the Hawaiian Electric Companies filed Transmittal No. 17-01, proposing a provision for the Special Medical Needs Pilot Program in each company's Schedule R tariff. The proposed tariff included discounted per kilowatt-hour rates on a pilot basis for up to 2,000 customers with special medical needs. Transmittal No. 17-01 stated the following: "The Companies also request that the bill adjustments provided to customers under the SMNPP be included as a reduction to recorded adjusted revenues for the determination of the monthly entry to the revenue balancing account per the Revenue Balancing Account Provision."<sup>29</sup>

Regarding the revenue balancing account, Decision and Order No. 34467 stated the following:

Lastly, the Companies request that the commission "[a]llow the bill adjustments provided to customers under the [Special Medical Needs Pilot Program] Provision to be included as a reduction to recorded adjusted revenues for the determination of the monthly entry to the revenue balancing account per the Revenue Balancing Account Provision."

The Companies' transmittal, filed pursuant to HAR § 6-61-111, is limited to the proposed tariff revisions to their existing Schedule R. Thus, the Companies' Revenue Balancing Account-related request is outside the scope (i.e., "beyond the scope") of this non-docketed, transmittal matter. Accordingly, the commission takes no action on: (1) the Companies' Revenue Balancing Account-related request; or (2) the Consumer Advocate's related recommendations thereto.

---

<sup>29</sup> Transmittal No. 17-01 at 10.

[Footnotes omitted.] Decision and Order No. 34467 at 25-26.

The Companies appreciate the Commission’s timely order approving the SMNPP rates proposed in Transmittal No. 17-01. Regarding the flow through of revenue reductions resulting from the approval of the Special Medical Needs Pilot Program rates in the Schedule R Residential Service tariffs into the Revenue Balancing Account, no change to the Companies’ current Revenue Balancing Account (“RBA”) Provision tariffs would be required. The RBA Provision tariffs state the following:

The purpose of the Revenue Balancing Account (“RBA”) is to record 1) the difference between the Hawaiian Electric Company’s target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism (“RAM”) Provision over the subsequent June 1st through May 31st period.

Hawaiian Electric RBA Provision tariff, Revised Sheet No. 92, effective June 1, 2013; Maui Electric RBA Provision tariff, Revised Sheets 97 (Maui), 108 (Lana’i), and 152 (Moloka’i), effective June 1, 2013; Hawai’i Electric Light RBA Provision tariff, Revised Sheet No. 91, effective June 1, 2013.

The RBA Provision tariffs define target revenue as “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,...” with certain exclusions and additions as specified in the tariff.<sup>30</sup>

---

<sup>30</sup> Hawaiian Electric RBA Provision Tariff, Revised Sheet No. 92A, effective January 1, 2014; Maui Electric RBA Provision tariff, Revised Sheets No. 97A (Maui), 108A (Lana’i), and 152A (Moloka’i), effective June 1, 2013; Hawai’i Electric Light RBA Provision tariff, Revised Sheet No. 91A, effective June 1, 2013.

Regarding entries to the RBA and “recorded adjusted revenue,” the RBA Provision tariffs state the following:

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.

[Emphasis added.] Hawaiian Electric RBA Provision tariff, Revised Sheet No. 92B, effective March 1, 2014; Maui Electric RBA Provision tariff, Revised Sheets No. 97B (Maui), 108B (Lana‘i), and 152B (Moloka‘i), effective March 1, 2014; Hawai‘i Electric Light RBA Provision tariff, Revised Sheet No. 91B, effective March 1, 2014.

Accordingly, since the revenue from the lower SMNPP rates in the Schedule R Residential Service tariffs will be included in the recorded adjusted revenue as a credit entry into the RBA, no changes to the Companies’ tariff are being made.

## VIII

### List of Attachments and Schedules

In Attachment 1 of this tariff transmittal, Maui Electric submits its proposed revisions to its Revenue Balancing Account Provision tariff, including the proposed RBA Rate Adjustment rate in Section E of Revised Sheet Nos. 97D (Maui), 108D (Lāna‘i) and 152D (Moloka‘i) and its proposed revisions to the Rate Adjustment Mechanism Provision tariff, including the revision to Sheets No. 96D (Maui), 107D (Lana‘i), and 151D (Moloka‘i) discussed on pages 17-18. 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 2017 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 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>31</sup>

Schedule H1 – Revised Earning Sharing Calculations 2014

Schedule H2 – Revised Earning Sharing Calculations 2015

Schedule I – PUC-Ordered Adjustments

Schedule J – Determination of RAM Cap

Schedule K - Exceptional & Other Matters

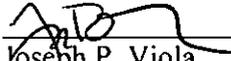
Schedule K1 – Exceptional & Other Matters- CIS

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, Maui Electric, 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, 2017.

DATED: Honolulu, Hawai'i, March 31, 2017.

MAUI ELECTRIC COMPANY, LIMITED

By:   
Joseph P. Viola  
Vice President

---

<sup>31</sup> The Company has provided its calculated ratemaking return on equity for year 2016 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.

# ATTACHMENT 1

Superseding Sheet No. 50D  
Effective July 1, 2016

REVISED SHEET No. 50D  
Effective June 1, 2017

MAUI DIVISION  
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
94-94E	"FIT"	December 30, 2011	Schedule FIT Tier 3
94.1-	"FIT"	December 30, 2011	Schedule FIT Tier 3
94.1DX			Agreement
94.2-	"FIT"	December 30, 2011	Schedule FIT Tier 3 Queuing
94.2E			and Interconnection Proc.
95	"PPAC"	July 1, 2016	Purchase Power Adjustment
			Clause
95A	"PPAC"	July 1, 2016	Purchase Power Adjustment
			Clause
95B	"PPAC"	May 4, 2012	Purchase Power Adjustment
			Clause
96	"RAM"	June 1, 2013	Rate Adjustment Mechanism
			Provision
96A	"RAM"	June 1, 2013	Rate Adjustment Mechanism
			Provision
96B	"RAM"	June 8, 2015	Rate Adjustment Mechanism
			Provision
96C	"RAM"	June 8, 2015	Rate Adjustment Mechanism
			Provision
96D	"RAM"	June 1, 2017	Rate Adjustment Mechanism
			Provision
96E	"RAM"	June 8, 2015	Rate Adjustment Mechanism
			Provision
96F	"RAM"	June 8, 2015	Rate Adjustment Mechanism
			Provision
96G	"RAM"	June 8, 2015	Rate Adjustment Mechanism
			Provision
96H	"RAM"	June 8, 2015	Rate Adjustment Mechanism
			Provision
96I	"RAM"	June 8, 2015	Rate Adjustment Mechanism
			Provision
97	"RBA"	June 1, 2017	Revenue Balancing Account
			Provision
97A	"RBA"	June 1, 2013	Revenue Balancing Account
			Provision
97B	"RBA"	June 1, 2017	Revenue Balancing Account
			Provision
97C	"RBA"	June 1, 2013	Revenue Balancing Account
			Provision
97D	"RBA"	June 1, 2017	Revenue Balancing Account
			Provision

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated March 31, 2017.

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

Supplement To:

Schedule R - Residential Service  
Schedule G - General Service - Non-Demand  
Schedule J - General Service - Demand  
Schedule P - Large Power Service  
Schedule F - Public Street Lighting  
Schedule TOU-R - Residential Time-of-Use Service  
Schedule TOU-G - Small Commercial Time-of-Use Service  
Schedule TOU-J - Commercial Time-of-Use Service  
Schedule TOU-P - Large Power Time-of-Use Service  
Schedule SS - Standby Service  
Schedule TOU EV- Residential Time-of-Use Service with  
Electric Vehicle Pilot  
Schedule EV-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 Maui Electric Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Maui Electric Company's 2010 test year rate case, Docket No. 2009-0163, consistent with the Final Decision and Order in the Decoupling case, Docket No. 2008-0274.

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated March 31, 2017.

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

B: TARGET REVENUE:

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

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

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

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

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

Monthly Allocation Factors for the Target Revenue are as follows:

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

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

January	8.29%
February	7.35%
March	8.28%
April	7.88%
May	8.38%
June	8.51%
July	8.87%
August	9.00%
September	8.34%
October	8.78%
November	8.19%
December	<u>8.13%</u>
Total	100.00%

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

C: BALANCING ACCOUNT ENTRIES:

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

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

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

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

MAUI ELECTRIC COMPANY, INC.

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

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

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

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

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

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

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

RBA Rate Adjustment

All Rate Schedules ..... 1.6447 ¢/kWh

F. NOTICE

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

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

G: COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated March 31, 2017.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

n) The RAM Revenue Adjustment 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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

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

- a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's 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 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:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated March 31, 2017.

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

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

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

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 final rate case decision. The RAM Basis shall be adjusted 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) 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.

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions  
applicable revenue taxes.

Evaluation Procedures

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

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

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

Notice

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

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

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

SETTLEMENT AGREEMENT

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

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

COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding Sheet No. 50H  
Effective June 1, 2016

REVISED SHEET NO. 50H  
Effective June 1, 2017

LANAI DIVISION  
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
106	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
106A	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
106B	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
107	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
107A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
107B	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107C	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107D	"RAM"	June 1, 2017	Rate Adjustment Mechanism Provision
107E	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107F	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107G	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107H	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107I	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
108	"RBA"	June 1, 2017	Revenue Balancing Account Provision
108A	"RBA"	June 1, 2013	Revenue Balancing Account Provision
108B	"RBA"	June 1, 2017	Revenue Balancing Account Provision
108C	"RBA"	June 1, 2013	Revenue Balancing Account Provision
108D	"RBA"	June 1, 2017	Revenue Balancing Account Provision

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated March 31, 2017.

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

Supplement To:

- Schedule R - Residential Service
- Schedule G - General Service - Non-Demand
- Schedule J - General Service - Demand
- Schedule P - Large Power Service
- Schedule F - Public Street Lighting
- Schedule TOU-R - Residential Time-of-Use Service
- Schedule TOU-G - Small Commercial Time-of-Use Service
- Schedule TOU-J - Commercial Time-of-Use Service
- Schedule TOU-P - Large Power Time-of-Use Service
- Schedule SS - Standby Service
- Schedule TOU EV- Residential Time-of-Use Service with  
Electric Vehicle Pilot
- Schedule EV-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 Maui Electric Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Maui Electric Company's 2010 test year rate case, Docket No. 2009-0163, consistent with the Final Decision and Order in the Decoupling case, Docket No. 2008-0274.

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated March 31, 2017.

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

B: TARGET REVENUE:

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

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

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

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

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

Monthly Allocation Factors for the Target Revenue are as follows:

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

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

January	8.29%
February	7.35%
March	8.28%
April	7.88%
May	8.38%
June	8.51%
July	8.87%
August	9.00%
September	8.34%
October	8.78%
November	8.19%
December	<u>8.13%</u>
Total	100.00%

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

C: BALANCING ACCOUNT ENTRIES:

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

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

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

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

MAUI ELECTRIC COMPANY, INC.

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

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

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

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

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

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

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

RBA Rate Adjustment

All Rate Schedules ..... 1.6447 ¢/kWh

F. NOTICE

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

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

G: COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated March 31, 2017.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

n) The RAM Revenue Adjustment 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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

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

- 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 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:

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

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

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

MAUI ELECTRIC COMPANY, LTD.

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

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 final rate case decision. The RAM Basis shall be adjusted 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) 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.

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

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

applicable revenue taxes.

Evaluation Procedures

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

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

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

Notice

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

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

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

SETTLEMENT AGREEMENT

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

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

COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding Sheet No. 100E  
Effective June 1, 2016

REVISED SHEET NO. 100E  
Effective June 1, 2017

MOLOKAI DIVISION  
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
151A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
151B	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151C	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151D	"RAM"	June 1, 2017	Rate Adjustment Mechanism Provision
151E	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151F	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151G	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151H	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151I	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
152	"RBA"	June 1, 2017	Revenue Balancing Account Provision
152A	"RBA"	June 1, 2013	Revenue Balancing Account Provision
152B	"RBA"	June 1, 2017	Revenue Balancing Account Provision
152C	"RBA"	June 1, 2013	Revenue Balancing Account Provision
152D	"RBA"	June 1, 2017	Revenue Balancing Account Provision
153	EV-F	August 1, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
153A	EV-F	July 4, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
153B	EV-F	July 4, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
154	EV-U	July 4, 2013	Commercial Public Electric Vehicle Charging Service Pilot

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated March 31, 2017.

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

Supplement To:

Schedule R - Residential Service  
Schedule G - General Service - Non-Demand  
Schedule J - General Service - Demand  
Schedule P - Large Power Service  
Schedule F - Public Street Lighting  
Schedule TOU-R - Residential Time-of-Use Service  
Schedule TOU-G - Small Commercial Time-of-Use Service  
Schedule TOU-J - Commercial Time-of-Use Service  
Schedule TOU-P - Large Power Time-of-Use Service  
Schedule SS - Standby Service  
Schedule TOU EV- Residential Time-of-Use Service with  
Electric Vehicle Pilot  
Schedule EV-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 Maui Electric Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Maui Electric Company's 2010 test year rate case, Docket No. 2009-0163, consistent with the Final Decision and Order in the Decoupling case, Docket No. 2008-0274.

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated March 31, 2017.

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

B: TARGET REVENUE:

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

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

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

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

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

Monthly Allocation Factors for the Target Revenue are as follows:

MAUI ELECTRIC COMPANY, INC.

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

January	8.29%
February	7.35%
March	8.28%
April	7.88%
May	8.38%
June	8.51%
July	8.87%
August	9.00%
September	8.34%
October	8.78%
November	8.19%
December	<u>8.13%</u>
Total	100.00%

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

C: BALANCING ACCOUNT ENTRIES:

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

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

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

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

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated March 31, 2017.

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

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

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

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

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

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

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

RBA Rate Adjustment

All Rate Schedules ..... 1.6447 ¢/kWh

F. NOTICE

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

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

G: COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated March 31, 2017.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

n) The RAM Revenue Adjustment 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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding Sheet No. 151C  
Effective March 30, 2014

REVISED SHEET NO. 151C  
Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

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

- 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 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:

MAUI ELECTRIC COMPANY, LTD.

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

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

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

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

MAUI ELECTRIC COMPANY, LTD.

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

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 final rate case decision. The RAM Basis shall be adjusted 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) 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.

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  
MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

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.

Evaluation Procedures

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

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

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

Notice

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

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

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

SETTLEMENT AGREEMENT

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

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

COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

# ATTACHMENT 1A

Superseding Sheet No. 50D  
Effective July 1, 2016~~June 1, 2016~~  
~~2016~~June 1, 2017

REVISED SHEET No. 50D  
Effective July 1,~~July 1,~~

MAUI DIVISION  
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
94-94E	"FIT"	December 30, 2011	Schedule FIT Tier 3
94.1-	"FIT"	December 30, 2011	Schedule FIT Tier 3
94.1DX			Agreement
94.2-	"FIT"	December 30, 2011	Schedule FIT Tier 3 Queuing
94.2E			and Interconnection Proc.
95	"PPAC"	July 1, 2016	Purchase Power Adjustment
			Clause
95A	"PPAC"	July 1, 2016	Purchase Power Adjustment
			Clause
95B	"PPAC"	May 4, 2012	Purchase Power Adjustment
			Clause
96	"RAM"	June 1, 2013	Rate Adjustment Mechanism
			Provision
96A	"RAM"	June 1, 2013	Rate Adjustment Mechanism
			Provision
96B	"RAM"	June 8, 2015	Rate Adjustment Mechanism
			Provision
96C	"RAM"	June 8, 2015	Rate Adjustment Mechanism
			Provision
96D	"RAM"	<del>June 8, 2015</del> <u>June</u>	Rate Adjustment Mechanism
		<u>1, 2017</u>	Provision
96E	"RAM"	June 8, 2015	Rate Adjustment Mechanism
			Provision
96F	"RAM"	June 8, 2015	Rate Adjustment Mechanism
			Provision
96G	"RAM"	June 8, 2015	Rate Adjustment Mechanism
			Provision
96H	"RAM"	June 8, 2015	Rate Adjustment Mechanism
			Provision
96I	"RAM"	June 8, 2015	Rate Adjustment Mechanism
			Provision
97	"RBA"	<del>June 1, 2013</del> <u>June</u>	Revenue Balancing Account
		<u>1, 2017</u>	Provision
97A	"RBA"	June 1, 2013	Revenue Balancing Account
			Provision
97B	"RBA"	<del>June 1, 2017</del> <u>March</u>	Revenue Balancing Account
		<u>1, 2014</u>	Provision
97C	"RBA"	June 1, 2013	Revenue Balancing Account
			Provision
97D	"RBA"	<del>June 1, 2016</del> <u>June</u>	Revenue Balancing Account
		<u>1, 2017</u>	Provision

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated ~~June 24, 2016~~March 31, 2017.

Superseding ~~Sheet No.~~ REVISED SHEET NO. 97  
Effective June 1, 2013 ~~May 4, 2012~~  
~~2013~~ 2017

REVISED SHEET NO. 97  
Effective June 1,

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

Supplement To:

Schedule R - Residential Service  
Schedule G - General Service - Non-Demand  
Schedule J - General Service - Demand  
Schedule P - Large Power Service  
Schedule F - Public Street Lighting  
Schedule TOU-R - Residential Time-of-Use Service  
Schedule TOU-G - Small Commercial Time-of-Use Service  
Schedule TOU-J - Commercial Time-of-Use Service  
Schedule TOU-P - Large Power Time-of-Use Service  
Schedule SS - Standby Service  
Schedule TOU EV- Residential Time-of-Use Service with  
Electric Vehicle Pilot  
~~Schedule EV R - Residential Electric Vehicle Charging  
Service Pilot~~  
~~Schedule EV C - Commercial Electric Vehicle Charging  
Service Pilot~~ 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 Maui Electric Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated ~~May 1, 2013~~ March 31, 2017.

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

MAUI ELECTRIC COMPANY, INC.

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

Transmittal Letter dated March 15, 2012.

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

B: TARGET REVENUE:

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

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

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

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

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

Monthly Allocation Factors for the Target Revenue are as follows:

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

Superseding ~~Sheet No.~~ REVISED SHEET NO. 97B

REVISED SHEET NO. 97B

Effective ~~January 1, 2014~~ March 1, 2014

Effective ~~March 1,~~

~~2014~~ June 1, 2017

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

January	8.29%
February	7.35%
March	8.28%
April	7.88%
May	8.38%
June	8.51%
July	8.87%
August	9.00%
September	8.34%
October	8.78%
November	8.19%
December	<u>8.13%</u>
Total	100.00%

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

C: BALANCING ACCOUNT ENTRIES:

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

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

~~Entries to the RBA to correct individual billing errors of \$5,000 or greater will be made as soon as possible. Such corrections to the RBA balance shall not require adjustments to prior calculated interest if the corrections are less than \$50,000 (in absolute value, plus or minus). In determining whether the corrections to the RBA balance are less than \$50,000 (in absolute value, plus or minus), all billing errors of \$5,000 or more that result from the same event shall be aggregated.~~

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

MAUI ELECTRIC COMPANY, INC.

~~Decision and Order No. 31908; Filed February 7, 2014.~~

~~Transmittal Letter dated February 28, 2014~~ March 31, 2017.

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

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

MAUI ELECTRIC COMPANY, INC.

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

Transmittal Letter dated May 3, 2012.

Superseding Sheet No. 97C  
Effective May 4, 2012

REVISED SHEET NO. 97C  
Effective June 1, 2013

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

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

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

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

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

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

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

RBA Rate Adjustment

All Rate Schedules ..... ~~1.403~~21.6447 ¢/kWh

F. NOTICE

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

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

~~G. SETTLEMENT AGREEMENT~~

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

HG: COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated March 31, ~~2016~~2017.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

n) The RAM Revenue Adjustment 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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

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

- a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's 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 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

MAUI ELECTRIC COMPANY, LTD.

Superseding REVISED SHEET NO. 96D

Effective ~~June 8, 2015~~ ~~May 4, 2012~~

~~2015~~ June 1, 2017

REVISED SHEET NO. 96D

Effective ~~June 8,~~

RATE ADJUSTMENT MECHANISM PROVISION (continued)  
Maui, Lanai, and Molokai Divisions  
applicable for the RAM Period using the methodology set  
forth below:

MAUI ELECTRIC COMPANY, LTD.

| Transmittal Letter Dated ~~June 3, 2015~~ March 31, 2017.

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

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

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

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 final rate case decision. The RAM Basis shall be adjusted 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) 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.

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions  
applicable revenue taxes.

Evaluation Procedures

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

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

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

Notice

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

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

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

SETTLEMENT AGREEMENT

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

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

COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding Sheet No. 50H  
Effective ~~June 1, 2016~~~~June 8, 2015~~  
~~2016~~June 1, 2017

REVISED SHEET NO. 50H  
Effective ~~June 1,~~

LANAI DIVISION

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
106	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
106A	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
106B	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
107	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
107A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
107B	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107C	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107D	"RAM"	<del>June 8, 2015</del> <u>June 1, 2017</u>	Rate Adjustment Mechanism Provision
107E	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107F	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107G	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107H	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107I	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
108	"RBA"	<del>June 1, 2017</del> <u>June 1, 2013</u>	Revenue Balancing Account Provision
108A	"RBA"	June 1, 2013	Revenue Balancing Account Provision
108B	"RBA"	<del>June 1, 2017</del> <u>March 1, 2014</u>	Revenue Balancing Account Provision
108C	"RBA"	June 1, 2013	Revenue Balancing Account Provision
108D	"RBA"	<del>June 1, 2016</del> <u>June 1, 2017</u>	Revenue Balancing Account Provision

RATE SCHEDULES (Continued)

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated ~~March 31, 2016~~March 31, 2017.

Superseding Sheet No. 108  
Effective June 1, 2013~~May 4, 2012~~  
~~2013~~2017

REVISED SHEET NO. 108  
Effective June 1,

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

Supplement To:

Schedule R - Residential Service  
Schedule G - General Service - Non-Demand  
Schedule J - General Service - Demand  
Schedule P - Large Power Service  
Schedule F - Public Street Lighting  
Schedule TOU-R - Residential Time-of-Use Service  
Schedule TOU-G - Small Commercial Time-of-Use Service  
Schedule TOU-J - Commercial Time-of-Use Service  
Schedule TOU-P - Large Power Time-of-Use Service  
Schedule SS - Standby Service  
Schedule TOU EV- Residential Time-of-Use Service with  
Electric Vehicle Pilot  
~~Schedule EV R - Residential Electric Vehicle Charging  
Service Pilot~~  
~~Schedule EV C - Commercial Electric Vehicle Charging  
Service Pilot~~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 Maui Electric Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Maui Electric Company's 2010 test year rate case, Docket

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013~~March 31, 2017~~.

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

MAUI ELECTRIC COMPANY, INC.

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

Transmittal Letter dated March 15, 2012.

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

B: TARGET REVENUE:

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

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

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

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

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

Monthly Allocation Factors for the Target Revenue are as follows:

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

Superseding ~~Sheet No.~~ REVISED SHEET NO. 108B

REVISED SHEET NO. 108B

~~Effective January 1, 2014~~ March 1, 2014 ~~Effective March 1, 2014~~ June 1, 2017

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

January	8.29%
February	7.35%
March	8.28%
April	7.88%
May	8.38%
June	8.51%
July	8.87%
August	9.00%
September	8.34%
October	8.78%
November	8.19%
December	<u>8.13%</u>
Total	100.00%

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

C: BALANCING ACCOUNT ENTRIES:

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

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

~~Entries to the RBA to correct individual billing errors of \$5,000 or greater will be made as soon as possible. Such corrections to the RBA balance shall not require adjustments to prior calculated interest if the corrections are less than \$50,000 (in absolute value, plus or minus). In determining whether the corrections to the RBA balance are less than \$50,000 (in absolute value, plus or minus), all billing errors of \$5,000 or more that result from the same event shall be aggregated.~~

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

MAUI ELECTRIC COMPANY, INC.

~~Decision and Order No. 31908, Filed February 7, 2014.~~  
~~Transmittal Letter dated February 28, 2014~~ March 31, 2017.

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

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

MAUI ELECTRIC COMPANY, INC.

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

Transmittal Letter dated May 3, 2012.

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

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

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

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

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

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

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

RBA Rate Adjustment

All Rate Schedules ..... ~~1.4082~~ 1.6447 ¢/kWh

F. NOTICE

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

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

~~G. SETTLEMENT AGREEMENT~~

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

HG: COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated March 31, 20162017.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

n) The RAM Revenue Adjustment 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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

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

- 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 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:

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

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

MAUI ELECTRIC COMPANY, LTD.

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

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

MAUI ELECTRIC COMPANY, LTD.

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

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 final rate case decision. The RAM Basis shall be adjusted 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) 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.

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

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

applicable revenue taxes.

Evaluation Procedures

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

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

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

Notice

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

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

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

SETTLEMENT AGREEMENT

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

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

COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding Sheet No. 100E

REVISED SHEET NO. 100E

Effective ~~June 1, 2016~~~~June 8, 2015~~  
2016June 1, 2017Effective ~~June 1,~~MOLOKAI DIVISION  
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
151A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
151B	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151C	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151D	"RAM"	<del>June 8, 2015</del> <u>June 1, 2017</u>	Rate Adjustment Mechanism Provision
151E	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151F	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151G	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151H	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151I	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
152	"RBA"	<del>June 1, 2013</del> <u>June 1, 2017</u>	Revenue Balancing Account Provision
152A	"RBA"	June 1, 2013	Revenue Balancing Account Provision
152B	"RBA"	<del>June 1, 2017</del> <u>March 1, 2014</u>	Revenue Balancing Account Provision
152C	"RBA"	June 1, 2013	Revenue Balancing Account Provision
152D	"RBA"	<del>June 1, 2017</del> <u>June 1, 2016</u>	Revenue Balancing Account Provision
153	EV-F	August 1, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
153A	EV-F	July 4, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
153B	EV-F	July 4, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
154	EV-U	July 4, 2013	Commercial Public Electric Vehicle Charging Service Pilot

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated ~~March 31, 2016~~March 31, 2017.

Superseding Sheet No. 152  
Effective June 1, 2013~~May 4, 2012~~  
~~2013~~2017

REVISED SHEET NO. 152  
Effective June 1,

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

Supplement To:

Schedule R - Residential Service  
Schedule G - General Service - Non-Demand  
Schedule J - General Service - Demand  
Schedule P - Large Power Service  
Schedule F - Public Street Lighting  
Schedule TOU-R - Residential Time-of-Use Service  
Schedule TOU-G - Small Commercial Time-of-Use Service  
Schedule TOU-J - Commercial Time-of-Use Service  
Schedule TOU-P - Large Power Time-of-Use Service  
Schedule SS - Standby Service  
Schedule TOU EV- Residential Time-of-Use Service with  
Electric Vehicle Pilot  
~~Schedule EV R - Residential Electric Vehicle Charging  
Service Pilot~~  
~~Schedule EV C - Commercial Electric Vehicle Charging  
Service Pilot~~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 Maui Electric Company's target revenue and recorded adjusted revenue, and 2) monthly interest applied to the simple average of the beginning and ending month balances in the RBA. In addition, the recovery provision of this tariff provides for collection or return of the calendar year-end balance in the RBA and recovery or refund of the RAM Revenue Adjustment, Earnings Sharing Revenue Credits, Major Capital Projects Credits, and Baseline Capital Projects Credits provided in the Rate Adjustment Mechanism ("RAM") Provision over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Maui Electric Company's 2010 test year rate case, Docket

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated ~~May 1, 2013~~March 31, 2017.

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

MAUI ELECTRIC COMPANY, INC.

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

Transmittal Letter dated March 15, 2012.

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

B: TARGET REVENUE:

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

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

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

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

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

Monthly Allocation Factors for the Target Revenue are as follows:

MAUI ELECTRIC COMPANY, INC.

Superseding ~~Sheet No~~ REVISED SHEET NO. 152B

REVISED SHEET NO. 152B

~~Effective January 1, 2014~~ March 1, 2014 ~~Effective March 1, 2014~~ June 1, 2017

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

January	8.29%
February	7.35%
March	8.28%
April	7.88%
May	8.38%
June	8.51%
July	8.87%
August	9.00%
September	8.34%
October	8.78%
November	8.19%
December	<u>8.13%</u>
Total	100.00%

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

C: BALANCING ACCOUNT ENTRIES:

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

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

~~Entries to the RBA to correct individual billing errors of \$5,000 or greater will be made as soon as possible. Such corrections to the RBA balance shall not require adjustments to prior calculated interest if the corrections are less than \$50,000 (in absolute value, plus or minus). In determining whether the corrections to the RBA balance are less than \$50,000 (in absolute value, plus or minus), all billing errors of \$5,000 or more that result from the same event shall be aggregated.~~

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

MAUI ELECTRIC COMPANY, INC.  
~~Decision and Order No. 31908, Filed February 7, 2014.~~

Transmittal Letter dated ~~February 28, 2014~~ March 31, 2017.

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

Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

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

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

RBA Rate Adjustment

All Rate Schedules ..... ~~1.40821~~1.6447 ¢/kWh

F. NOTICE

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

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

~~G. SETTLEMENT AGREEMENT~~

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

HG: COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated March 31, ~~2016~~2017.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

n) The RAM Revenue Adjustment 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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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:

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

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

- 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 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:

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

applicable for the RAM Period using the methodology set forth below:

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

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

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

MAUI ELECTRIC COMPANY, LTD.

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

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 final rate case decision. The RAM Basis shall be adjusted 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) 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.

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

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.

Evaluation Procedures

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

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

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

Notice

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

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

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

SETTLEMENT AGREEMENT

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

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

COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

## ATTESTATION

Tayne S. Y. Sekimura, is the Financial Vice President of Maui Electric Company, Limited, 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	MECO-WP-A-001
Schedule A1	MECO-WP-A1-001
Schedule B	MECO-WP-A1-002
Schedule B1	MECO-WP-B-001
Schedule B2	MECO-WP-B-002
Schedule C	MECO-WP-B-003
Schedule C1	MECO-WP-B-004
Schedule C2	MECO-WP-B-005
Schedule D	MECO-WP-C-001
Schedule D1	MECO-WP-C-002
Schedule D2	MECO-WP-C-003
Schedule D3	MECO-WP-D1-001
Schedule D4	MECO-WP-D1-002
Schedule E	MECO-WP-D4-001
Schedule F	MECO-WP-D4-002
Schedule F1	MECO-WP-F-001
Schedule F2	MECO-WP-F1-001
Schedule G	MECO-WP-F1-002
Schedule G1	MECO-WP-H-001
Schedule G2	MECO-WP-H1-001
Schedule G3	MECO-WP-H-002
Schedule H	MECO-WP-H-003
Schedule H1	MECO-WP-H-004
Schedule H2	MECO-WP-H-005
Schedule I	MECO-WP-H-006
Schedule J	MECO-WP-H-007
Schedule K	MECO-WP-H-008
Schedule K1	MECO-WP-K1-001

**MAUI ELECTRIC COMPANY, LIMITED  
DECOUPLING CALCULATION WORKBOOK  
DETERMINATION OF 2017 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	\$ 2,620,523	
2	Revenue Tax Factor	Schedule C	1.0975	
3	Revenue for RBA Balance			\$ 2,876,024
<b><u>RATE ADJUSTMENT MECHANISM "RAM" AMOUNT:</u></b>				
4	Total RAM Revenue Adjustment Allowed (Note 2)	Schedule A1		\$ 14,986,841
<b><u>EARNINGS SHARING REVENUE CREDITS - 2015 ROE:</u></b>				
5a	ESM Adjustment - 2013 (Note 3)	Schedule H1	(14,607)	\$ -
5b	ESM Adjustment - 2014 (Note 3)	Schedule H2	(25,071)	\$ (39,677)
<b><u>PUC-ORDERED MAJOR OR BASELINE CAPITAL PROJECTS CREDITS:</u></b>				
6		Schedule I		\$ -
7	TOTAL RBA REVENUE ADJUSTMENT	Sum Col. (d)		\$ 17,823,187
8	GWH SALES VOLUME ESTIMATE JUNE 2016 - MAY 2017	MECO-WP-A-001		1,083.7
9	RBA RATE ADJUSTMENT, RBA Balance - ¢ per kWh	Note (1)		1.6447
10	MONTHLY BILL IMPACT @ 600 KWH - Maui Division			\$ 9.87
	MONTHLY BILL IMPACT @ 500 KWH - Maui Division			\$ 8.22
11	MONTHLY BILL IMPACT @ 400 KWH - Molokai and Lanai Divisions			\$ 6.58

Note (1): 2016 RBA Rate Adjustment Breakdown

	Col. (d)	Rate Adjustment cents per kWh	Percentage Share
RBA Balance	\$ 2,876,024	0.26538928	16.1364%
RAM Amount	\$ 14,986,841	1.38293262	84.0862%
Earnings Sharing Revenue Credits	\$ (39,677)	-0.00366128	-0.2226%
Major or Baseline Capital Projects Credits	\$ -	0.00000000	0.0000%
	\$ 17,823,187	1.64466062	100.00%

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, pages 94-95, which states that the Total RAM Revenue Adjustment is to be comprised of the RAM Cap plus recovery of Exceptional And Other Matters.

Note (3): The adjustments on line 5a and 5b represent additional refunds in the years the ESM was triggered in 2013 and 2014, plus interest for the period June 2014/15-May 2017. In July 2016, the Companies discovered the interest expense accrued for financial statement purposes had erroneously been overstated since May 2012 due to the incorrect programming of a report developed when the Customer Information System was implemented. The report miscalculated accrued interest on released deposits and for deposits that had been transferred to the new Customer Information System. The misstatement was deemed immaterial and no prior period adjustment was warranted for financial reporting purposes. However, it resulted in understatements of the Earnings Sharing Mechanism in the years which the ESM was triggered. See Schedule H1 and H2 for the recalculation of the Earnings Sharing Mechanism in those years.

**MAUI ELECTRIC COMPANY, LIMITED**  
**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	\$ 4,902,267
2	Rate Base RAM - Return on Investment	Schedule D	\$ 6,396,210
3	Depreciation & Amortization RAM Expense	Schedule E	\$ 4,486,930
4	Total RAM Revenue Adjustment		\$ 15,785,408
5	Less: Adjustment for Change in On-cost Clearing Allocation	Note 3	\$ (798,567)
6	Total Adjusted RAM Revenue Adjustment		<b>\$ 14,986,841</b>
<b>RAM REVENUE ADJUSTMENT CAP</b>			
7	RAM Cap for 2017 RAM Revenue Adjustment	Schedule J	\$ 15,066,192
8	Plus: Exceptional and Other Matters	Schedule K	393,373
9	2017 Cap - Total RAM Revenue Adjustment (Note 2)		<b>\$ 15,459,565</b>
10	<b>Total RAM Revenue Adjustment Allowed (Note 1)</b>	Lesser of Line 6 or Line 9	<b>\$ 14,986,841</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, paragraph 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 2017 RAM revenue adjustment determined according to existing tariffs and procedures, the adjustment has been updated to reflect the 2016 O&M impact of the change in on-cost clearing allocation. See MECO-WP-A1-001 for the calculation.

**MAUI ELECTRIC COMPANY, LIMITED  
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 1.25%/year	Ending Balance
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Monthly RBA Balance and Activity (Monthly PUC Rpt., Pg. 9A)										
1	2015 December	\$ 3,226,256	\$ 10,671,531	\$ 10,471,833	\$ 199,698	\$ (594,904)	\$ -	\$ 1,850,204	\$ 1,927	\$ 2,832,977
2										
3	2016 January	\$ 2,832,977	\$ 10,882,147	\$ 10,520,008	\$ 362,139	\$ (600,129)	\$ -	\$ 1,657,972	\$ 1,727	\$ 2,596,714
4	February	\$ 2,596,714	\$ 9,648,161	\$ 9,960,137	\$ (311,976)	\$ (555,010)	\$ -	\$ 1,321,512	\$ 1,377	\$ 1,731,105
5	March	\$ 1,731,105	\$ 10,869,039	\$ 10,598,661	\$ 270,378	\$ (579,183)	\$ -	\$ 963,207	\$ 1,003	\$ 1,423,303
6	April	\$ 1,423,303	\$ 10,343,808	\$ 10,344,812	\$ (1,004)	\$ (570,792)	\$ -	\$ 694,840	\$ 724	\$ 852,230
7	May	\$ 852,230	\$ 11,000,128	\$ 10,811,738	\$ 188,390	\$ (593,929)	\$ -	\$ 396,755	\$ 413	\$ 447,104
8	June	\$ 447,104	\$ 11,384,749	\$ 10,566,147	\$ 818,602	\$ (236,315)	\$ -	\$ 450,995	\$ 470	\$ 1,029,861
9	July	\$ 1,029,861	\$ 11,866,360	\$ 11,376,537	\$ 489,823	\$ (255,023)	\$ -	\$ 700,862	\$ 730	\$ 1,265,391
10	August	\$ 1,265,391	\$ 12,040,275	\$ 11,605,752	\$ 434,523	\$ (261,504)	\$ 639	\$ 826,266	\$ 861	\$ 1,439,909
11	September	\$ 1,439,909	\$ 11,157,321	\$ 10,623,562	\$ 533,759	\$ (241,006)	\$ -	\$ 969,062	\$ 1,009	\$ 1,733,671
12	October	\$ 1,733,671	\$ 11,745,957	\$ 11,260,145	\$ 485,812	\$ (253,072)	\$ -	\$ 1,130,190	\$ 1,177	\$ 1,967,588
13	November	\$ 1,967,588	\$ 10,956,650	\$ 10,292,656	\$ 663,994	\$ (229,230)	\$ -	\$ 1,334,798	\$ 1,390	\$ 2,403,742
14	December	\$ 2,403,742	\$ 10,876,381	\$ 10,451,215	\$ 425,166	\$ (241,157)	\$ 23,899	\$ 1,539,252	\$ 1,603	\$ 2,613,254
15	February 2017 Adjustment - Note (1)									\$ 7,269
16										\$ 2,620,523
17										To Sch A
18	2017 January	\$ -	\$ 11,090,431	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	February	\$ -	\$ 9,832,891	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	March	\$ -	\$ 11,077,053	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	April	\$ -	\$ 10,541,929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	May	\$ -	\$ 11,210,833	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	June	\$ -	\$ 11,570,157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	July	\$ -	\$ 12,059,611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	August	\$ -	\$ 12,236,359	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	September	\$ -	\$ 11,339,026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	October	\$ -	\$ 11,937,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	November	\$ -	\$ 11,135,086	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29	December	\$ -	\$ 11,053,511	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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 22	RBA Interest Adjustments	Total Adjustment	Adjustment Description
2016	August	MECO-WP-B-002	639		639	Prior period adjustments
2016	December	MECO-WP-B-003	23,899		23,899	Prior period adjustments
2017	February	MECO-WP-B-004	7,269		7,269	Prior period adjustments
2017	February	MECO-WP-B-004	93		93	Prior period adjustments

Note (2):

Amounts represent recovery of prior years' RBA balance through the RBA rate adjustment effective June 1, 2015 for the period June 2015 through May 2016 and June 1, 2016 for the period June 2016 through May 2017. See WP-B-001.

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF TARGET REVENUES**

Line No.	Description (a)	Reference (b)	D&O No. 31288 Docket No. 2011-0092		D&O No. 31288 Docket No. 2011-0092		D&O No. 31288 Docket No. 2011-0092		D&O No. 31288 Docket No. 2011-0092	
			Amounts (c)	Amounts (d)	Amounts (e)	Amounts (f)	Amounts (g)	Amounts (h)		
1	Last Rate Case Annual Electric Revenue at Approved Rate Levels	Note (1)	\$000s	\$ 418,810	\$ 418,810	\$ 416,810	\$ 416,810	\$ 418,810	\$ 418,810	\$ 416,810
2	Less: Fuel Expense	Note (1)	\$000s	\$ (212,580)	\$ (212,580)	\$ (212,580)	\$ (212,580)	\$ (212,580)	\$ (212,580)	\$ (212,580)
3	Purchased Power Expense	Note (1)	\$000s	\$ (44,856)	\$ (44,856)	\$ (44,856)	\$ (44,856)	\$ (44,856)	\$ (44,856)	\$ (44,856)
4	Revenue Taxes on Line 1 (8.885% statutory rates)		\$000s	\$ (37,034)	\$ (37,034)	\$ (37,034)	\$ (37,034)	\$ (37,034)	\$ (37,034)	\$ (37,034)
5	Last Rate Order Target Annual Revenues	Sum Lines 1 thru 4	\$000s	\$ 122,340	\$ 122,340	\$ 122,340	\$ 122,340	\$ 122,340	\$ 122,340	\$ 122,340
6	Add: Authorized RAM Revenues - Transmittal No. 15-05	Tariff Transmittal	\$000s	\$ 10,122	\$ 10,122					
7	Less: Revenue Taxes on Line 11 at 8.885%		\$000s	\$ (899)	\$ (899)	\$ -	\$ -	\$ -	\$ -	\$ -
8	Net RAM Adjustment - Test Year +3	Lines 6+7	\$000s	\$ 9,223	\$ 9,223	\$ -	\$ -	\$ -	\$ -	\$ -
9	(Not Used)									
10	(Not Used)									
11	Authorized RAM Revenues - Transmittal No. 16-03	Tariff Transmittal	\$000s	\$ -	\$ -	\$ 12,556	\$ 12,556	\$ -	\$ -	\$ -
12	Less: Revenue Taxes on Line 11 at 8.885%		\$000s	\$ -	\$ -	\$ (1,118)	\$ (1,118)	\$ -	\$ -	\$ -
13	Net RAM Adjustment - Test Year +4	Lines 11-12	\$000s	\$ -	\$ -	\$ 11,440	\$ 11,440	\$ -	\$ -	\$ -
14	Authorized RAM Revenues	Sch. A, line 4	\$000s	\$ -	\$ -	\$ -	\$ -	\$ 14,987	\$ 14,987	\$ 14,987
15	Less: Revenue Taxes on Line 14 at 8.885%		\$000s	\$ -	\$ -	\$ -	\$ -	\$ (1,332)	\$ (1,332)	\$ (1,332)
16	Net RAM Adjustment - Test Year +5	Lines 14-15	\$000s	\$ -	\$ -	\$ -	\$ -	\$ 13,655	\$ 13,655	\$ 13,655
17	Less: EARNINGS SHARING REVENUE CREDITS:	Sch H or Sch A, Ln 5	\$000s	\$ (521)	\$ (521)	\$ -	\$ -	\$ (40)	\$ (40)	\$ (40)
18	Less: Revenue Taxes on Line 14 at 8.885%		\$000s	\$ 46	\$ 46	\$ -	\$ -	\$ 4	\$ 4	\$ 4
19	Net Earnings Sharing Revenue Credits	Lines 17 + 18	\$000s	\$ (474)	\$ (474)	\$ -	\$ -	\$ (36)	\$ (36)	\$ (36)
20	PUC-ORDERED MAJOR OR BASELINE CAPITAL CREDITS:	Sch I or Sch A, Ln 6	\$000s	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Total Annual Target Revenues									
22	June 1, 2014 Annualized Revenues + 2014 RAM Revenues	Lines 5 + 8 + 19	\$000s	\$ 131,089	\$ 131,089					
23	June 1, 2015 Annualized Revenues + 2015 RAM Revenues	Lines 5 + 13 + 19	\$000s			\$ 133,781	\$ 133,781			
24	June 1, 2016 Annualized Revenues + 2016 RAM Revenues	Lines 5 + 16 + 19	\$000s					\$ 135,960	\$ 135,960	
25	Distribution of Target Revenues by Month in Dollars:	Note (2)	Note (3)	2015	2016	2016	2017	2017	2018	
26	January	8.29%	8.46%	\$10,882,147	\$11,856,360	\$11,090,431	\$11,090,431	\$11,570,157	\$11,271,046	
27	February	7.35%	7.50%	\$9,848,161	\$10,869,039	\$10,869,039	\$11,077,053	\$11,570,157	\$11,271,046	
28	March	8.28%	8.45%	\$10,869,039	\$11,000,128	\$11,000,128	\$11,210,833	\$11,570,157	\$11,271,046	
29	April	7.88%	8.04%	\$10,343,808	\$11,000,128	\$11,000,128	\$11,210,833	\$11,570,157	\$11,271,046	
30	May	8.38%	8.55%	\$10,993,823	\$11,000,128	\$11,000,128	\$11,210,833	\$11,570,157	\$11,271,046	
31	June- effective date of RAM Change is June 8, 2015	8.51%	8.66%	\$10,993,823	\$11,000,128	\$11,000,128	\$11,210,833	\$11,570,157	\$11,271,046	
32	July	8.87%	9.05%	\$11,843,338	\$11,856,360	\$11,856,360	\$12,040,275	\$12,236,359	\$11,937,248	
33	August	9.00%	9.17%	\$11,812,879	\$11,856,360	\$11,856,360	\$12,040,275	\$12,236,359	\$11,937,248	
34	September	8.34%	8.51%	\$10,947,692	\$11,525,358	\$11,525,358	\$11,745,857	\$11,937,248	\$11,713,812	
35	October	8.78%	8.96%	\$11,525,358	\$10,876,381	\$10,876,381	\$11,053,511	\$11,135,086	\$10,713,812	
36	November	8.19%	8.36%	\$10,751,059	\$10,876,381	\$10,876,381	\$11,053,511	\$11,135,086	\$10,713,812	
37	December	8.13%	8.29%	\$10,671,531	\$10,876,381	\$10,876,381	\$11,053,511	\$11,135,086	\$10,713,812	
38	Total Distributed Target Revenues	100.00%	100.00%	\$78,345,680	\$52,743,283	\$60,027,693	\$53,753,137	\$81,330,998	\$54,828,543	

Footnotes:

1 Docket No. 2011-0092 Final amounts derived from MECO Revised Results of Operations, Exhibit 1A, Page 1, filed June 17, 2013.

2 RBA Tariff effective June 1, 2012 based on 2012 test year

Derivation of RAM and Earnings Sharing Revenue Allocation, for June 8, 2015 to May 31, 2016		Scale to total 100.00%
	June is a partial month	
January	8.29%	8.46%
February	7.35%	7.50%
March	8.28%	8.45%
April	7.88%	8.04%
May	8.38%	8.55%
June- effective date of RAM Change is June 8, 2015	8.52%	8.66%
July	8.87%	9.05%
August	9.00%	9.17%
September	8.34%	8.51%
October	8.78%	8.96%
November	8.19%	8.36%
December	8.13%	8.29%
Total Distributed Target Revenues	98.01%	100.00%

MAUI ELECTRIC COMPANY, LIMITED  
DECOUPLING CALCULATION WORKBOOK  
DETERMINATION OF RECORDED ADJUSTED REVENUES

Line No.	Description	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
<b>BILLED REVENUES:</b>													
1	Current month's billed revenues (SAP0144)	25,650,519	24,019,207	23,328,534	25,005,633	22,745,691	25,113,342	27,622,159	26,139,746	28,651,746	26,736,648	25,959,017	24,752,136
2	Remove PBF revenues	(257,361)	(244,969)	(239,145)	(239,204)	(240,932)	(262,312)	(298,865)	(337,281)	(334,293)	(317,648)	(314,709)	(310,646)
3	Remove Solar Saver non-revenues	-	-	-	26,541	24,273	84	-	-	-	-	-	-
4	Other entries	-	-	-	-	-	-	-	-	-	-	-	-
5	sum. 1-4	25,393,158	23,774,238	23,089,390	24,763,242	22,504,760	25,451,094	27,323,293	25,802,470	28,317,453	25,419,998	25,644,308	24,441,490
<b>UNBILLED REVENUES</b>													
6	Current month's unbilled revenue (Unbilled Sales and Revenue Est)	12,284,736	10,978,917	12,493,962	12,187,638	12,742,903	12,812,030	13,795,403	14,489,262	12,515,029	13,523,120	11,449,591	12,314,187
7	Reverse prior month's unbilled revenues (Unbilled Sales and Revenue Est)	(11,905,544)	(12,284,736)	(10,978,917)	(12,493,962)	(12,187,638)	(12,812,030)	(13,795,403)	(14,489,262)	(12,515,029)	(13,523,120)	(11,449,591)	(12,314,187)
8 = 6 - 7	Unbilled revenues per Unbilled Sales and Revenue Estimate	379,191	(1,307,819)	1,517,045	(3,206,324)	575,265	69,127	983,373	693,559	(1,973,433)	1,007,291	(2,073,529)	884,597
9	Recovery of 12/31/14 RBA balance through RBA Rate Adjustment beginning 6/1/15	(658,650)	(609,131)	(635,661)	(628,452)	(651,646)	(259,359)	(278,891)	(287,004)	(284,507)	(277,750)	(251,503)	(284,873)
10	Recovery of 12/31/15 RBA balance through RBA Rate Adjustment beginning 6/1/16	(354,400)	482,100	(1,291,300)	(177,600)	316,200	(461,000)	(978,700)	(314,700)	192,600	(1,242,400)	338,400	(271,400)
11	Adjustment for ECAC accrual	572,434	69,800	69,800	387,867	387,867	387,867	387,868	107,467	107,467	107,468	387,199	387,199
12	Reversal of ECAC accrual	(3,050)	(670)	(762)	(762)	128	(680)	(29)	8	-	-	-	(2)
13	Adjustment for PPAC accrual	94,092	28,397	28,397	28,400	4,462	4,462	(84)	(82)	(57)	(51)	(46)	(40)
14	Reversal of PPAC accrual	(99)	(94)	(89)	(84)	(79)	(73)	(68)	(62)	(57)	(51)	(46)	(40)
15	Reclass Big Wind surcharge carrying costs	6,099	5,090	5,224	(778)	(13)	7	(49)	38	-	(52)	31	25
16	Reclass excess DSM revenues	44,036	39,039	43,984	41,850	44,505	-	-	-	-	-	-	-
17	ESM Refund Accrual	-	-	-	-	-	-	-	-	-	-	-	-
18	Reverse ESM Refund Previously Accrued	-	-	-	-	-	-	-	-	-	-	-	-
19	Other manual adjustments	35,314	(30,422)	26,368	(98)	18,371	79,825	47,765	42,372	52,049	47,374	64,749	41,460
20	RBA gross up for revenue taxes	382,139	(311,976)	270,378	(1,004)	188,390	818,602	489,813	434,523	533,759	485,812	663,994	425,166
21	Accrual of current month's RBA (PUC Monthly Financial Report pg. 8A)	-	-	-	-	-	-	-	639	-	-	-	-
22	Adjust prior period RBA balance	-	-	-	-	-	-	-	-	-	-	-	-
23	Adjust prior period RBA rebated revenue taxes	-	-	-	-	-	-	-	82	-	-	-	-
24	Miscellaneous unbilled accruals	97,914	(327,867)	(1,483,863)	(665,967)	303,523	569,671	(334,283)	(16,659)	621,311	(878,602)	1,182,744	323,964
25 = 8-24	UNBILLED REVENUES	477,106	(1,632,646)	33,382	(952,093)	878,689	638,798	649,090	677,200	(1,351,922)	127,589	(890,765)	1,198,581
26 = 5-25	TOTAL REVENUES PER OIL (PUC Monthly Financial Report pg. 3)	25,870,264	22,136,612	23,122,771	23,791,149	24,406,349	26,088,892	27,972,382	26,479,670	26,965,530	26,546,587	24,753,523	25,630,050
<b>Billed Adjustments to Determine Adjusted Revenues for RBA:</b>													
27	Remove interim refund/increase	8,068,223	8,660,716	8,723,373	8,471,650	8,733,970	9,150,487	7,787,962	7,424,028	7,601,473	7,778,388	8,682,624	8,673,471
28	Remove ECAC accrual	90,491	97,020	27,220	28,272	14,031	1,556	2,275	6	(0)	(0)	(0)	(2)
29	Remove PPAC revenues	(9,940)	(8,944)	(8,804)	(9,421)	(8,772)	(8,480)	(9,698)	(10,900)	(9,924)	(9,401)	(9,456)	(9,154)
30	Remove RGP revenues	4,353	4,388	4,272	1,815	(781)	(837)	(654)	(777)	(876)	(822)	(848)	(784)
31	Remove DSM/RPSS revenues	(17,553)	(16,709)	(16,311)	(16,076)	(16,315)	(17,891)	(20,364)	(23,004)	(22,800)	(21,665)	(21,465)	(21,168)
32	Remove revenue taxes of PBF revenues	(2,978,063)	(2,884,988)	(2,827,131)	(2,955,175)	(2,865,509)	(3,071,962)	(3,115,314)	(3,215,736)	(3,168,411)	(3,035,604)	(3,047,125)	(2,939,488)
33	Remove Solar Saver revenues	(16,350,328)	(15,683,921)	(15,245,724)	(15,959,313)	(15,477,694)	(16,778,010)	(17,076,493)	(17,732,031)	(17,610,810)	(16,690,511)	(16,781,220)	(16,347,756)
34	Remove revenue taxes on billed revenues	(3,285,605)	(3,169,020)	(3,097,301)	(3,204,042)	(3,112,293)	(3,377,317)	(3,445,816)	(3,578,173)	(3,558,162)	(3,383,049)	(3,345,270)	(3,289,355)
35	Remove base fuel (adjusted for revenue taxes)	-	-	-	-	-	-	-	-	-	-	-	-
36	Remove power purchase energy (adjusted for revenue taxes)	-	-	-	-	-	-	-	-	-	-	-	-
37	Remove other billing adjustments (adjusted for revenue taxes)	-	-	-	-	-	-	-	-	-	-	-	-
38	Unbilled Adjustments to Determine Adjusted Revenues for RBA:	-	-	-	-	-	-	-	-	-	-	-	-
39 = 11 + 12	Remove ECAC accrual	206,340	586,781	(121,847)	(345,414)	1,185,474	(1,345,110)	(192,229)	(71,988)	(20,230)	505,299	183,652	(116,790)
40	Remove PPAC accrual	(218,034)	(551,900)	1,221,500	107,600	(704,067)	73,133	591,834	207,233	(300,287)	1,134,934	(705,599)	(95,796)
41 = 13 + 14	Remove PPAC accrual	550	(28,292)	416	128	(13,900)	2,245	(2,304)	2	(0)	(0)	-	-
42	Remove RGP revenues	(180)	(180)	(178)	(182)	(180)	(180)	(180)	(180)	(180)	(180)	(180)	(180)
43	Remove Big Wind surcharge carrying costs	99	94	89	84	78	73	68	62	57	51	46	40
44	Remove DSM revenues	100	(39)	129	(2,589)	(45)	21	(18)	(10)	53	(53)	56	(4)
45	Remove excess DSM revenues	(6,099)	(5,090)	(5,224)	(778)	(13)	(7)	49	(38)	-	52	(31)	(25)
46 = 17 + 18	Remove ESM Refund Reversal	(44,036)	(39,039)	(43,984)	(41,850)	(44,505)	-	-	-	-	-	-	-
47	Other manual adjustments	(382,139)	311,976	(270,378)	1,004	(188,390)	(818,602)	(489,813)	(434,523)	(533,759)	(485,812)	(663,994)	(425,166)
48	Remove RBA gross up for revenue taxes	(35,314)	30,422	(26,368)	(98)	18,371	(79,825)	(47,765)	(42,372)	(52,049)	(47,374)	(64,749)	(41,460)
49	Remove prior month RBA adjustment	6,451	120,594	(67,517)	115,531	(97,226)	136,186	(45,196)	(701)	200,584	(109,871)	190,187	(26,230)
50	Remove revenue taxes on unbilled revenues	(257,825)	388,166	(639,152)	330,273	(810,091)	518,056	(427,138)	(304,709)	955,747	(783,042)	987,734	(42,728)
51	Remove base fuel (adjusted for revenue taxes)	(70,351)	76,149	(103,564)	57,561	(170,805)	97,054	(84,812)	(61,630)	198,849	(157,778)	203,828	(92,020)
52	Remove power purchase energy (adjusted for revenue taxes)	-	-	-	-	-	-	-	-	-	-	-	-
53	Remove other billing adjustments (adjusted for revenue taxes)	-	-	-	-	-	-	-	-	-	-	-	-
54 =	Total billed and unbilled adjustments to determine adjusted revenues for RBA	(15,350,255)	(12,178,475)	(12,524,110)	(13,446,337)	(13,594,611)	(15,523,745)	(16,595,846)	(17,873,919)	(16,341,068)	(15,286,542)	(14,460,866)	(15,178,835)
55 =	RECORDED ADJUSTED REVENUES FOR RBA DETERMINATION	10,520,008	9,960,137	10,598,661	10,344,812	10,811,738	10,966,147	11,376,537	11,603,752	10,623,962	11,260,145	10,292,666	10,451,215
26 - 54	(PUC Monthly Financial Report pg. 9A.1)	-	-	-	-	-	-	-	-	-	-	-	-

NOTE: Totals may not add exactly due to rounding.

**MAUI ELECTRIC COMPANY, LIMITED  
DECOUPLING CALCULATION WORKBOOK  
DETERMINATION OF O&M RAM ADJUSTMENT  
(\$ in Thousands)**

Line No.	Description	Reference	D&O No. 31288 Docket No. 2011-0092 Approved	Footnote 4 Previously Approved RAM	O&M Subject to Escalation Col (c) + (d)	Net Inflation Indices Footnote 2	2016 O&M RAM Adjustment Col (e) * (f)	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
1	Base BU Labor Expenses	Schedule C1	\$ 14,330		\$ 14,330	11.29%	\$ 1,617	
2	Base Non-Labor Expense	Schedule C2	\$ 33,338		\$ 33,338	8.15%	\$ 2,718	
3	Payroll Taxes	Footnote 1	\$ 1,167		\$ 1,167	11.29%	\$ 132	
4	Subtotal Expense Increase - RAM Adjustment before revenue taxes							\$ 4,467
5	Revenue Tax Factor (Footnote 3)							1.0975
6	O&M RAM (Subtotal Expenses x Rev Tax Factor)							<u>\$ 4,902</u>
							To Schedule A1	

\* Amounts may not add due to rounding

Footnotes:

(1) Payroll Taxes per D&O No. 31288, dated May 31, 2013 in  
Docket No. 2011-0092, Exhibit A, page 4

		\$ 1,849
Less: Portion of payroll taxes related to non-BU labor <sup>A</sup>	(36.86% * 1,849)	\$ (682)
Payroll Taxes related to Bargaining Unit labor		\$ 1,167

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

(2) Escalation Rates

Labor:	2013	2014	2015	2016	2017	
Bargaining Unit Wage Increase	2.88%	3.00%	2.91%	3.07%	2.75%	(See MECO-WP-C-001)
Less: Labor Productivity Offset	0.76%	0.76%	0.76%	0.76%	0.76%	Approved in Final D&O in Docket No. 2008-0274, page 51, filed on August 31, 2010
<b>Labor Cost Escalation Rate</b>	<b>2.12%</b>	<b>2.24%</b>	<b>2.15%</b>	<b>2.31%</b>	<b>1.99%</b>	

2013 Labor Cost Escalation	1.0212	A (2013 labor escalation plus 1)
2014 Labor Cost Escalation	1.0224	B (2014 labor escalation plus 1)
2015 Labor Cost Escalation	1.0215	C (2015 labor escalation plus 1)
2016 Labor Cost Escalation	1.0231	D (2016 labor escalation plus 1)
2017 Labor Cost Escalation	1.0199	E (2017 labor escalation plus 1)
2013-2017 Compounded Labor Cost Escalation	1.11	F = A * B * C * D * E
2013-2017 Compounded Labor Cost %	0.1129	G = F - 1

Non-Labor:	2013	2014	2015	2016	2017	
GDP Price Index	1.70%	1.60%	1.10%	1.50%	2.0%	(See MECO-WP-C-002)

2013 Non-Labor Cost Escalation	1.0170	H (2013 non-labor escalation plus 1)
2014 Non-Labor Cost Escalation	1.0160	I (2014 non-labor escalation plus 1)
2015 Non-Labor Cost Escalation	1.0110	J (2015 non-labor escalation plus 1)
2016 Non-Labor Cost Escalation	1.0150	K (2016 non-labor escalation plus 1)
2017 Non-Labor Cost Escalation	1.0200	L (2016 non-labor escalation plus 1)
2013-2017 Compounded Non-Labor Cost Escalation	1.08	M = H * I * J * K * L
2017 Compounded Non-Labor Cost %	0.0815	N = M - 1

(3) Computation of Revenue Tax Factor

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

Revenue Tax Factor  
= 1 / (1 - Total Revenue Tax Rate) = 1.0975

(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 footnote 2.

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**SUMMARY OF**  
**OPERATIONS AND MAINTENANCE LABOR AND NON-LABOR EXPENSE**  
**D&O No. 31288 - Docket No. 2011-0092**  
**('000)**

	(a)	(b)	(c)	(d)	(e)	(f)
Line No.	DESCRIPTION	BU LABOR (Note 1)	Non-BU LABOR (Note 2)	TOTAL LABOR	NON-LABOR (Note 3)	TOTAL (Note 4)
1	Operation and Maintenance	14,330	8,366	22,696	38,682	61,378
2	Percentage of Total O&M Labor	63.14%	36.86%	100%		

\* amounts may not add due to rounding

Footnotes:

- (1) See Parties' Stipulated Settlement Letter, filed April, 20, 2012 in Docket No. 2011-0092, MECO T-11, Attachment 8, page 2. Only the breakdown of 2012 test year labor expense between BU and non-BU is required.
- (2) 8,496 Transmittal No. 13-01 (Decoupling), Schedule C1 (With Settlement)  
Exhibit 1C, Page 16, Item 45, of *MECO Revised Results of Operations, Tariff Sheets and Refund Plan*, filed on June 17, 2013, in Docket No. 2011-0092.  
(130) Adjustment is non-BU labor.  


---

8,366
- (3) 41,954 Transmittal No. 13-01 (Decoupling), Schedule C1 (With Settlement)  
Exhibit 1C, Page 21, Items 41-45, of *MECO Revised Results of Operations, Tariff Sheets and Refund Plan*, filed on June 17, 2013, in Docket No. 2011-0092.  
(3,272) Adjustment is non-labor.  


---

38,682
- (4) sum of columns (d) and (e)

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**NON-LABOR EXCLUSION**  
**ADJUSTMENT FOR O&M RAM**  
(\$ thousands)

Line No	Description (a)	Amount (b)	Reference (c)
1	Pension Expense	7,123	Exhibit 3, Attachment 2, Page 2, Column B, Line 3, MECO T-12, Response to Final D&O, of MECO Revised Results of Operations, Tariff Sheets and Refund Plan, filed on June 17, 2013, in Docket No. 2011-0092.
2			
3			
4			
5	OPEB Expense	544	Exhibit 3, Attachment 2, Page 2, Column B, Line 8, MECO T-12, Response to Final D&O, of MECO Revised Results of Operations, Tariff Sheets and Refund Plan, filed on June 17, 2013, in Docket No. 2011-0092.
6			
7			
8	Total before amounts transferred	7,667	
9			
10	O&M %	69.70%	See Interim Decision & Order No. 30396 page 24, Docket No. 2011-0092, dated May 21, 2012
11	(1- transfer rate of 30.3%)		
12			
13			
14	Adjustment to Non-Labor O&M Expense		
15	for O&M RAM base	5,344	
16			
17			
18	Non-Labor O&M Expense per Decision &	38,682	Schedule C1
19	Order No. 31288		
20			
21	Non-Labor O&M Expense Base for		
22	O&M RAM base	<u>33,338</u>	Schedule C

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF RATE BASE RAM ADJUSTMENT - RETURN ON INVESTMENT**

Line No.	Description (a)	AMOUNTS (\$ 000) (b)	PERCENT OF TOTAL (c)	COST RATE (d)	POST TAX WEIGHTED EARNINGS REQMTS (e)	INCOME TAX FACTOR Note (1) (f)	PRETAX WEIGHTED EARNINGS REQMTS (g)
1	<u>PUC APPROVED CAPITAL STRUCTURE &amp; COSTS (Note (2))</u>						
2	Short-Term Debt	\$ 5,003	1.23%	1.25%	0.02%	1.000000	0.02%
3	Long-Term Debt	156,370	38.44%	5.06%	1.95%	1.000000	1.95%
4	Hybrid Securities	9,373	2.30%	7.32%	0.17%	1.000000	0.17%
5	Preferred Stock	4,744	1.17%	8.25%	0.10%	1.6369291	0.16%
6	Common Equity	231,310	56.86%	9.00%	5.12%	1.6369291	8.38%
7	Total Capitalization	<u>\$ 406,800</u>	<u>100.00%</u>		<u>7.34%</u>		<u>10.66%</u>
8	RAM CHANGE IN RATE BASE \$000 (From Schedule D1)						\$ 54,670.8
9	PRETAX RATE OF RETURN (Line 7, Col g)						<u>10.66%</u>
10	PRETAX RETURN REQUIREMENT						\$ 5,827.9
11	REVENUE TAX FACTOR (1/(1-8.885%))						<u>1.0975</u>
12	RATE BASE RAM - RETURN ON INVESTMENT \$000						<u>\$ 6,396.2</u>



To Schedule A1

\* Amounts may not add due to rounding.

Notes:

- (1) Composite Federal & State Income Tax Rate 38.91%  
Income Tax Factor ( 1 / 1-tax rate) 1.6369291
- (2) Decision & Order No. 31288, Docket No. 2011-0092, page 113, dated May 31, 2013.

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF RATE BASE RAM ADJUSTMENT - CHANGE IN RATE BASE**  
**(000's)**

Line No.	Description (a)	MECO 2012 Test Year Rate Base Note (2)		MECO 2017 RAM Rate Base					
		Beg. Balance 12/31/2011 (b)	Budgeted Balance 12/31/2012 (c)	Adjusted Recorded at 12/31/2016 (d) Note (1)	RAM Projected Amounts (e) See Detail Below	Estimated at 12/31/2017 (f)			
1	Net Cost of Plant in Service	\$ 465,783	\$ 493,298	\$ 603,694	\$ 31,554	\$ 635,247			
2	Property Held for Future Use	1,303	1,303	These Elements of Rate Base are Not Updated for  RAM Purposes					
3	Fuel Inventory	18,577	18,577						
4	Materials & Supplies Inventories	13,387	13,387						
5	Unamort Net SFAS 109 Reg Asset	8,405	8,642						
6	Pension Asset	3,453	4,377						
7	Unamort OPEB Reg Asset	344	261						
8	Unamort Sys Dev Costs	1,240	1,487						
9	Contrib in Excess of NPPC	3,101	8,400						
10	CIS Deferred Cost (see MECO-WP-D1-001)						1,962	(233)	1,729
11	not used						Not Updated		
12	Total Additions	\$ 515,593	\$ 549,732	\$ 658,778	\$ 31,321	\$ 690,098			
13	Unamortized CIAC	\$ (74,766)	\$ (83,821)	\$ (97,870)	\$ (4,305)	\$ (102,175)			
14	Customer Advances	(4,649)	(4,599)	Not Updated					
15	Customer Deposits	(4,346)	(4,812)						
16	Accumulated Def Income Taxes	(42,143)	(55,666)	(111,221)	(8,117)	(119,338)			
17	Unamortized State ITC (Gross)	(12,150)	(12,752)	Not Updated					
18	Unearned Interest Income	-	-						
19	Unamortized Gain on Sale	-	-						
20	Total Deductions	\$ (138,054)	\$ (161,650)	\$ (230,745)	\$ (12,422)	\$ (243,167)			
21	Working Cash (Note 3)	10,590	10,590	10,590	Not Updated	10,590			
22	Rate Base at Proposed Rates	\$ 388,129	\$ 398,672	\$ 438,623		\$ 457,521			
23	Average Rate Base		\$ 393,401			\$ 448,072			
24	Change in Rate Base					\$ 54,671			
						To Schedule D			
25	<u>Column (e) Projected Changes to Rate Base:</u>		<u>Reference</u>	<u>Amount</u>					
26	Plant - Baseline Capital Project Additions		Schedule D2 Line 29	44,886					
27	Major CIP Project Additions		Schedule D3	12,540					
28	Accumulated Depreciation/Amortization Change		Schedule E Line 189	(25,872)					
29	Net Plant		Sum Lines 26-28	31,554					
30	Accum. Def Income Taxes - Baseline and Major Capital Projects		Schedule F Line 13	(8,117)					
31	Projected CIAC Additions - Baseline		Schedule G1 Line 29	(6,459)					
32	Projected CIAC Additions - Major CIP		Schedule G2	-					
33	Less: Amortization of CIAC		Schedule G Line 9	2,154					
34	Total Change in CIAC in Rate Base		Sum: Lines 31-33	(4,305)					

\* Amounts may not add due to rounding

**Notes:**

(1) Amounts are recorded, except for the following adjustments:

	Plant in Service	Acc. Depr.	Schedule G CIAC Net	Schedule D4 ADIT
(A) Unadjusted Balance - recorded	\$ 1,111,200	\$ (481,135)	\$ (97,870)	\$ (111,221)
(A) Add: Asset Retirement Obligation		\$ (256)		
(A) Reg Liab-Cost of Removal (net salvage)		\$ (29,061)		
<u>Adjustment:</u>				
Lanai CHP** MECO-WP-D1-002, p.2	3,500	(554)	-	-
Total Adjustment	\$ 3,500	\$ (554)	\$ -	\$ -
Adjusted Balance	\$ 1,114,700	\$ (511,007)	\$ (97,870)	\$ (111,221)

\*\* Lanai CHP: As discussed in the Stipulated Settlement Letter in Docket No. 2009-0163, filed on 06/21/2010, MECO accepted the Consumer Advocate's recommendation that the ratemaking treatment for the Lanai CHP Agreement follow traditional utility plant asset accounting rather than direct financing lease treatment as required for public financial reporting. MECO agreed to permanently adjust the original cost of the CHP system to \$3.5 million.

(A) Source: Maui Electric Company, Limited Monthly Financial Report - December 2016, filed February 24, 2017.

(2) Column (b) & (c) from Docket No. 2011-0092, D&O No. 31288, Exhibit B, filed May 31, 2013.

(3) Decision & Order No. 31288, p.94 (\$10,590k = \$10,672k less \$82k)

**MAUI ELECTRIC COMPANY, LIMITED**  
**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)	3/22/2013	3/28/2014	3/27/2015	3/29/2016	3/30/2017
		2012 (b)	2013 (c)	2014 (d)	2015 (e)	2016 (f)
1	<b>Total Plant Additions (Sum of Exhs. 1, 2, and 3 of Reports)</b>	<b>48,276,242</b>	<b>57,973,110</b>	<b>49,632,312</b>	<b>33,268,857</b>	<b>38,070,465</b>
2						
3	<b>Less Major Projects: (+\$2.5 Million)</b>					
4						
5	<u>2010 In-Service:</u>					
6	6th Increment Distribution Rebuild <u>Dkt No.</u> <u>Item No.</u>					
7						
8	<u>2013 In-service:</u>					
9	Major Overhaul of M16 - NOTE (1)      01-0148      M0000266				(4,435)	
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27	<b>Total Net Plant Additions (excluding major projects)</b>	<b>48,276,242</b>	<b>55,107,138</b>	<b>49,712,718</b>	<b>33,264,422</b>	<b>38,070,465</b>
28						
29	<b>Last Five-Year Average</b>					<b>\$ 44,886,197</b>

To Schedule D1 Line 26

NOTE (1):  
Exemption From and Modification of General Order No. 7, Paragraph 2.3(g), Relating to Capital Improvements, Capital Projects Completed in 2013, Docket No. 03-0257, dated March 28, 2014, and Exemption From and Modification of General Order No. 7, Paragraph 2.3(g), Relating to Capital Improvements, Capital Projects Completed in 2014, Docket No. 03-0257, dated March 27, 2015.

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF MAJOR CAPITAL PROJECT ADDITIONS**

Line No.	Description (a)	PUC Docket Reference (b)	Estimated In Service Date (c)	Amount (d)
1	<u>2017 Major Capital Project Plant Additions by Project:</u>			
2	Kuihelani Substation	Decision and Order No. 33584, Docket No. 2015-0070	Aug. 2017	\$ 13,136,759
3	less: Land to be purchased in 2018			(597,199)
4				
5				
6				
7				
8				
9				
10				
11				
12				
13	<b>Total Major Capital Projects Qualifying for 2017 RAM</b>			<b><u>\$ 12,539,560</u></b> To Sch D1

See Schedule G2 for related CIAC (if applicable)

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF ADJUSTED RECORDED DEFERRED INCOME TAXES**

Line No.	NARUC Account (a)	Reference (b)	Federal ADIT (c)	State ADIT (d)	Total ADIT (e)
1	Recorded Deferred Income Tax Balances at December 31, 2016				
2	Depreciation Related Account 282	MECO-WP-D4-001	(56,636,283)	(4,912,719)	(61,549,002)
3	Other Deferred Income Taxes	MECO-WP-D4-001	(42,681,987)	(6,989,705)	(49,671,692)
4	Total Recorded Deferred Income Taxes - Utility		<u>(99,318,270)</u>	<u>(11,902,424)</u>	<u>(111,220,694)</u>
					<i>To Schedule D1</i>

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF DEPRECIATION AND AMORTIZATION RATE ADJUSTMENT**

Line No.	NARUC Account (a)	Recorded Depreciable/Amort. Balance (b) Footnote (1)	Adjustments (c) Footnote (2)	Adjusted Depreciable/Amort. Balance (d)	PUC Approved Accrual Rate Dkt. 2009-0286 (e)	Annual Accrual (f)
1	<b>Plant Accounts</b>					
2	310.00	-		-	0.0000	-
3	311.00	6,886,607		6,886,607	0.0289	199,023
4	312.00	51,423,886		51,423,886	0.0375	1,928,396
5	314.00	49,868,474		49,868,474	0.0589	2,937,253
6	315.00	9,036,164		9,036,164	0.0419	376,615
7	<b>MAUI STEAM PRODUCTION</b>	<b>117,215,131</b>	<b>-</b>	<b>117,215,131</b>	<b>0.0464</b>	<b>5,443,287</b>
8						
9	340.00	-		-	0.0000	-
10	341.00	35,263,974		35,263,974	0.0117	412,589
11	342.00	4,461,648		4,461,648	0.0097	43,278
12	343.00	46,011,380		46,011,380	0.0080	368,091
13	344.00	108,553,863		108,553,863	0.0164	1,780,283
14	345.00	29,492,410		29,492,410	0.0157	463,031
15	<b>MAUI OTHER PRODUCTION</b>	<b>223,783,275</b>	<b>-</b>	<b>223,783,275</b>	<b>0.0137</b>	<b>3,067,272</b>
16						
17	<b>MAUI TOTAL PRODUCTION</b>	<b>340,998,406</b>	<b>-</b>	<b>340,998,406</b>	<b>0.0250</b>	<b>8,510,559</b>
18						
19	350.20	-		-	0.0000	-
20	350.00	2,451,955		2,451,955	0.0158	38,741
21	352.00	7,256,636		7,256,636	0.0202	146,584
22	353.00	54,240,973		54,240,973	0.0158	857,007
23	355.00	32,926,809		32,926,809	0.0167	549,878
24	356.00	26,830,389		26,830,389	0.0175	469,532
25	357.00	714,085		714,085	0.0159	11,354
26	358.00	1,195,018		1,195,018	0.0198	23,661
27	<b>MAUI TRANSMISSION</b>	<b>125,615,865</b>	<b>-</b>	<b>125,615,865</b>	<b>0.0167</b>	<b>2,096,757</b>
28						
29	360.20	-		-	0.0000	-
30	360.00	1,577,801		1,577,801	0.0203	32,029
31	361.00	1,690,746		1,690,746	0.0120	20,289
32	362.00	51,593,506		51,593,506	0.0134	691,353
33	363.00	2,140,265		2,140,265	0.0192	41,093
34	364.00	41,085,126		41,085,126	0.0170	698,447
35	365.00	60,610,997		60,610,997	0.0165	1,000,081
36	366.00	62,189,738		62,189,738	0.0203	1,262,452
37	367.00	76,631,914		76,631,914	0.0117	896,593
38	368.00	66,032,964		66,032,964	0.0222	1,465,932
39	369.10	27,834,466		27,834,466	0.0378	1,052,143
40	369.20	62,594,474		62,594,474	0.0232	1,452,192
41	370.00	13,600,815		13,600,815	0.0192	261,136
42	373.00	13,526,099		13,526,099	0.0187	252,938
43	<b>MAUI DISTRIBUTION</b>	<b>481,108,911</b>	<b>-</b>	<b>481,108,911</b>	<b>0.0190</b>	<b>9,126,678</b>
44						
45	389.20	-		-	0.0000	-
46	390.00	11,694,979		11,694,979	0.0106	123,967
47	<b>MAUI GENERAL</b>	<b>11,694,979</b>	<b>-</b>	<b>11,694,979</b>	<b>0.0106</b>	<b>123,967</b>
48						
49	392.10	6,352,645		6,352,645	0.0536	340,502
50	392.20	4,102,230		4,102,230	0.0305	125,118
51	<b>MAUI TRANSPORTATION</b>	<b>10,454,875</b>	<b>-</b>	<b>10,454,875</b>	<b>0.0445</b>	<b>465,620</b>
52						
53	<b>TOTAL MAUI DIVISION</b>	<b>969,873,036</b>	<b>-</b>	<b>969,873,036</b>	<b>0.0210</b>	<b>20,323,561</b>
54						

Line No.	NARUC Account (a)	Recorded Depreciable/Amort. Balance (b) Footnote (1)	Adjustments (c) Footnote (2)	Adjusted Depreciable/Amort. Balance (d)	PUC Approved Accrual Rate Dkt. 2009-0286 (e)	Annual Accrual (f)
55	<u>LANAI</u>					
56	340.0L	-		-	0.0000	-
57	341.0L	4,085,725		4,085,725	0.0454	185,492
58	342.0L	1,971,458		1,971,458	0.0304	59,932
59	343.0L	1,693,466		1,693,466	0.0360	60,965
60	344.0L	8,464,976		8,464,976	0.0234	198,080
61	345.0L	3,739,081		3,739,081	0.0253	94,599
62	<b>LANAI OTHER PRODUCTION</b>	<b>19,954,706</b>	<b>-</b>	<b>19,954,706</b>	<b>0.0300</b>	<b>599,068</b>
63						
64	360.1L	153,345		153,345	0.0203	3,113
65	362.0L	2,225,776		2,225,776	0.0165	36,725
66	364.0L	2,203,704		2,203,704	0.0185	40,768
67	365.0L	3,040,770		3,040,770	0.0165	50,173
68	366.0L	1,280,128		1,280,128	0.0211	27,011
69	367.0L	2,339,144		2,339,144	0.0122	28,537
70	368.0L	1,132,504		1,132,504	0.0208	23,556
71	369.1L	1,213,987		1,213,987	0.0380	46,132
72	369.2L	1,139,461		1,139,461	0.0256	29,170
73	370.0L	451,519		451,519	0.0195	8,805
74	373.0L	265,072		265,072	0.0166	4,400
75	<b>LANAI DISTRIBUTION</b>	<b>15,445,410</b>	<b>-</b>	<b>15,445,410</b>	<b>0.0193</b>	<b>298,390</b>
76						
77	389.2L	-		-	0.0000	-
78	390.0L	803,024		803,024	0.0138	11,082
79	<b>LANAI GENERAL</b>	<b>803,024</b>	<b>-</b>	<b>803,024</b>	<b>0.0138</b>	<b>11,082</b>
80						
81	392.1L	676,334		676,334	0.0086	5,816
82	392.2L	292,057		292,057	0.0875	25,555
83	<b>LANAI TRANSPORTATION</b>	<b>968,391</b>	<b>-</b>	<b>968,391</b>	<b>0.0324</b>	<b>31,371</b>
84						
85	Lanai CHP - Production	-	3,010,000	3,010,000	0.0319	8,002
86	Lanai CHP - Distribution	-	490,000	490,000	0.0230	939
87	<b>LANAI RATEMAKING ADJUSTMENT</b>	<b>-</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>0.0026</b>	<b>8,941</b>
88						
89	<b>TOTAL LANAI DIVISION</b>	<b>37,171,531</b>	<b>3,500,000</b>	<b>40,671,531</b>	<b>0.0233</b>	<b>948,852</b>
90						
91	<u>MOLOKAI</u>					
92	302.0M	-		-	0.0000	-
93	<b>INTANGIBLE PLANT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0000</b>	<b>-</b>
94						
95	340.0M	-		-	0.0000	-
96	341.0M	2,896,240		2,896,240	0.0447	129,462
97	342.0M	2,010,598		2,010,598	0.0452	90,879
98	343.0M	2,321,029		2,321,029	0.0256	59,418
99	344.0M	12,654,506		12,654,506	0.0354	447,970
100	345.0M	4,725,241		4,725,241	0.0266	125,691
101	<b>MOLOKAI OTHER PRODUCTION</b>	<b>24,607,614</b>	<b>-</b>	<b>24,607,614</b>	<b>0.0347</b>	<b>853,420</b>
102						
103	350.1M	-		-	0.0000	-
104	353.0M	627,882		627,882	0.0232	14,567
105	354.0M	38,669		38,669	0.0233	901
106	355.0M	117,065		117,065	0.0077	901
107	356.0M	264,832		264,832	0.0097	2,569
108	<b>MOLOKAI TRANSMISSION</b>	<b>1,048,448</b>	<b>-</b>	<b>1,048,448</b>	<b>0.0181</b>	<b>18,938</b>
109						
110	360.1M	30,876		30,876	0.0202	624
111	361.1M	59,259		59,259	0.0066	391
112	362.0M	1,311,964		1,311,964	0.0163	21,385
113	363.0M	3,300,358		3,300,358	0.0210	69,308
114	364.0M	4,270,519		4,270,519	0.0224	95,660
115	365.0M	3,205,207		3,205,207	0.0177	56,732
116	366.0M	136,064		136,064	0.0227	3,089
117	367.0M	3,826,274		3,826,274	0.0174	66,577
118	368.0M	1,631,865		1,631,865	0.0225	36,717
119	369.1M	1,628,187		1,628,187	0.0406	66,104
120	369.2M	1,150,161		1,150,161	0.0261	30,019
121	370.0M	502,707		502,707	0.0121	6,083
122	373.0M	340,548		340,548	0.0152	5,176
123	<b>MOLOKAI DISTRIBUTION</b>	<b>21,393,989</b>	<b>-</b>	<b>21,393,989</b>	<b>0.0214</b>	<b>457,865</b>
124						
125	389.2M	56,383		56,383	0.0003	17
126	390.0M	860,890		860,890	0.0085	7,318
127	<b>MOLOKAI TOTAL GENERAL</b>	<b>917,273</b>	<b>-</b>	<b>917,273</b>	<b>0.0080</b>	<b>7,334</b>
128						
129	392.1M	617,904		617,904	0.0000	-
130	392.2M	398,781		398,781	0.0000	-
131	<b>MOLOKAI TRANSPORTATION</b>	<b>1,016,685</b>	<b>-</b>	<b>1,016,685</b>	<b>0.0000</b>	<b>-</b>
132						
133	<b>TOTAL MOLOKAI DIVISION</b>	<b>48,984,009</b>	<b>-</b>	<b>48,984,009</b>	<b>0.0273</b>	<b>1,337,557</b>
134						
135						
136	<b>UTILITY TOTAL DEPRECIATION</b>	<b>1,056,028,576</b>	<b>3,500,000</b>	<b>1,059,528,576</b>	<b>0.0214</b>	<b>22,609,990</b>
137						

Line No.	NARUC Account (a)	Recorded Depreciable/Amort. Balance (b) Footnote (1)	Adjustments (c) Footnote (2)	Adjusted Depreciable/Amort. Balance (d)	PUC Approved Accrual Rate Dkt. 2009-0286 (e)	Annual Accrual (f)
138	<b>Amortization Amounts</b>					
139						
140	<b>MAUI</b>					
141	316.00	3,255,848		3,255,848	0.0500	\$ 162,792
142	346.00	16,713,213		16,713,213	0.0500	835,661
143	<b>MAUI PRODUCTION</b>	<b>19,969,061</b>	<b>-</b>	<b>19,969,061</b>	<b>0.0500</b>	<b>998,453</b>
144						
145	391.10	1,663,519		1,663,519	0.2000	332,704
146	391.20	385,267		385,267	0.1000	38,527
147	391.30	1,078,309		1,078,309	0.0667	71,923
148	393.00	568,540		568,540	0.0400	22,742
149	394.00	6,690,949		6,690,949	0.0400	267,638
150	395.00	442,803		442,803	0.0667	29,535
151	396.00	140,554		140,554	0.0556	7,815
152	397.00	18,556,203		18,556,203	0.0667	1,237,699
153	398.00	1,223,107		1,223,107	0.0667	81,580
154	<b>MAUI GENERAL</b>	<b>30,749,251</b>	<b>-</b>	<b>30,749,251</b>	<b>0.0680</b>	<b>2,090,163</b>
155						
156	<b>TOTAL MAUI DIVISION</b>	<b>50,718,312</b>	<b>-</b>	<b>50,718,312</b>	<b>0.0609</b>	<b>3,088,616</b>
157						
158	<b>LANAI</b>					
159	346.0L	332,130		332,130	0.0500	16,607
160	<b>LANAI OTHER PRODUCTION</b>	<b>332,130</b>	<b>-</b>	<b>332,130</b>	<b>0.0500</b>	<b>16,607</b>
161						
162	391.1L	25,521		25,521	0.2000	5,104
163	391.2L	2,331		2,331	0.1000	233
164	391.3L	7,500		7,500	0.0667	500
165	394.0L	50,862		50,862	0.0400	2,035
166	397.0L	849,465		849,465	0.0667	56,660
167	398.0L	50,783		50,783	0.0667	3,387
168	<b>LANAI GENERAL</b>	<b>988,462</b>	<b>-</b>	<b>988,462</b>	<b>0.0689</b>	<b>67,919</b>
169						
170	<b>TOTAL LANAI DIVISION</b>	<b>1,318,592</b>	<b>-</b>	<b>1,318,592</b>	<b>0.0641</b>	<b>84,526</b>
171						
172						
173	<b>MOLOKAI</b>					
174	346.0M	184,548		184,548	0.0500	9,227
175	<b>MOLOKAI OTHER PRODUCTION</b>	<b>184,548</b>	<b>-</b>	<b>184,548</b>	<b>0.0500</b>	<b>9,227</b>
176						
177	391.1M	10,308		10,308	0.2000	2,062
178	391.2M	-		-	0.1000	-
179	391.3M	10,782		10,782	0.0667	719
180	394.0M	149,951		149,951	0.0400	5,998
181	397.0M	1,015,830		1,015,830	0.0667	67,756
182	398.0M	48,485		48,485	0.0667	3,234
183	<b>MOLOKAI GENERAL</b>	<b>1,235,356</b>	<b>-</b>	<b>1,235,356</b>	<b>0.0646</b>	<b>79,769</b>
184						
185	<b>TOTAL MOLOKAI DIVISION</b>	<b>1,419,904</b>	<b>-</b>	<b>1,419,904</b>	<b>0.0627</b>	<b>88,996</b>
186						
187	<b>UTILITY TOTAL AMORTIZATION</b>	<b>53,456,808</b>	<b>-</b>	<b>53,456,808</b>	<b>0.0610</b>	<b>3,262,138</b>
188						
189	<b>TOTAL RAM DEPRECIATION / AMORTIZATION</b>				Line 136 + Line 187	\$ 25,872,128
190	LESS: Vehicle Depreciation (A/C 392 above)				sum of lines 51.83,131	\$ (496,991)
191	LESS: Depreciation & Amortization in Current Revenues				Footnote (3)	\$ (20,933,000)
192						
193	RAM Adjustment for Depreciation & Amortization					\$ 4,442,137
194	RAM Adjustment for CIAC Amortization				Schedule G Line 15	\$ (586,969)
195	RAM Adjustment for CIS Amortization				MECO-WP-D1-001, page 3	\$ 233,059
196	Total RAM Adjustment for Depreciation & Amortization					\$ 4,088,267
197	Times: Factor for Revenue Taxes				Schedule C Line 5	1.0975
198						
199	<b>RAM DEPRECIATION &amp; AMORTIZATION</b>				Line 196 * Line 197	<b>\$ 4,486,930</b>

To Sch A1

Footnotes:

(1)	Depreciable Balance	\$	1,056,028,576	Line 136
	Amortizable Balance		53,456,808	Line 187
	Total Utility Plant per Schedule	\$	1,109,485,384	

Add: Land, Land Rights, Franchises & Consents as of 12/31/16 not included in Schedule

Total Utility Plant per G/L \$ 1,111,200,275 December 2016 Monthly Financial Report filed 2/24/17

(2)	Amounts are recorded, except for the following adjustment:			
	Lanai CHP <sup>1</sup>		3,500,000	MECO-RWP-1401 (Revised 3/28/12), Dkt. No. 2011-0092, page 10
	Total Adjustment	\$	3,500,000	Column (c)

<sup>1</sup> In 2015, an electrical fault in the CHP generator caused a fire which resulted in extensive and unrepairable damage to the unit. During the force majeure period, depreciation of the CHP unit was suspended in March 2015. The unit is expected to be placed back into service in November 2017, therefore, depreciation has been calculated for one month (December 2017).

(3)	<b>Depreciation &amp; Amortization in Current Revenues<sup>2</sup>:</b>			Depr/Amort Expense
	Total Depreciation		21,347,000	
	LESS: Vehicle Depreciation (A/C 392)		(414,000)	
	Net Depreciation in Current Revenues		20,933,000	

Amounts are per MECO Revised Workpaper MECO-RWP-1401, page 1 dated March 28, 2012 in MECO's 2012 test year rate case (Docket No. 2011-0092).

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF CHANGE IN DEFERRED INCOME TAXES**

Line No.	NARUC Account (a)	Reference (b)	Projected ADIT Change (c)
1	State Tax Depreciation	Schedule F1	1,830,815
2	Effective Federal Tax Rate	MECO-WP-F-001	32.8947%
3	Federal Deferred Tax on State Tax Depreciation	Line 1 * Line 2	<u>602,242</u>
4	Add back State Tax Depreciation	Line 1	(1,830,815)
5	Federal Tax Depreciation	Schedule F1	<u>22,987,037</u>
6	Federal/State Difference	Line 4 + Line 5	<u>21,156,222</u>
7	Tax Rate on Federal Only Adjustment	MECO-WP-F-001	35.00%
8	Federal Deferred Tax Adjustment	Line 6 * Line 7	<u>7,404,678</u>
9	Total Federal Deferred Taxes	Line 3 + Line 8	<u><u>8,006,920</u></u>
<b>STATE DEFERRED TAXES</b>			
10	State Tax Depreciation	Schedule F1	1,830,815
11	Effective State Tax Rate	MECO-WP-F-001	6.0150%
12	Total State Deferred Taxes	Line 10 * Line 11	<u>110,124</u>
13	<b>TOTAL FED AND STATE DEFERRED TAXES</b>	Line 9 + Line 12	<u><u><b>8,117,044</b></u></u>
			<i>To Schedule 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.

MAUI ELECTRIC COMPANY, LTD.  
DEPRECIATION CALCULATION WORKBOOK  
DETERMINATION OF TAX DEPRECIATION

Line No.	LIFE	MECO-WP-F1-002			TOTAL	PROJECTS - PROGRAMS			TOTAL	FED YR 1 DEPR RATE	FED TAX DEPR	STATE YR 1 DEPR RATE	STATE TAX DEPR
		PROJECTS	PROGRAMS	TOTAL		PROJECTS	PROGRAMS	TOTAL					
1	5	284,971	81,515	346,486	0.58%	0.18%	0.77%						
2	7	25,848	372,305	303,153	0.06%	0.62%	0.68%						
3	7	92,639	372,314	484,953	0.21%	0.63%	1.04%						
4	15	6,566,270	336,553	6,802,823	14.63%	0.75%	15.38%						
5	15	228,610	1,561	230,171	0.51%	0.00%	0.51%						
6	20	1,389,895	59,282	1,448,977	3.10%	0.13%	3.23%						
7	20	267,323	329,906	597,229	0.60%	0.14%	0.74%						
8	20	513,948	283,859	797,807	1.15%	0.63%	1.78%						
9	20	2,294,684	634,044	2,928,728	5.11%	1.41%	6.53%						
10	20	11,913,075	17,223,635	29,136,710	26.54%	38.37%	64.91%						
11	39	889,659	66,427	956,086	1.98%	0.15%	2.13%						
12	50	4,762	89,914	94,676	0.01%	0.20%	0.21%						
13	-	174,698	(10,489)	164,209	0.00%	-0.02%	-0.02%						
14	-	174,698	781,524	956,222	0.39%	1.74%	2.13%						
15	TOTAL	24,626,180	20,260,017	44,886,197	54.68%	45.14%	100.00%						

Project and Program % Totals by Depreciable Life:

Life	Project %	Program %	Total %
5 yr	0.58%	0.18%	0.77%
7 yr	0.06%	1.45%	1.71%
15 yr	15.14%	0.75%	15.89%
20 yr	38.49%	40.69%	77.18%
39 yr	1.98%	0.15%	2.13%
50 yr	0.01%	0.20%	0.21%
Land	0.00%	-0.02%	-0.02%
Vehicles	0.39%	1.74%	2.13%
Total	54.68%	45.14%	100.00%

Vintage 2017 - 50% Bonus Depreciation

Line No.	Life	Basis	Fed Yr 1 Dep Rate	Fed Tax Depr	State Yr 1 Dep Rate	State Tax Depr
NOTE (1)	5 yr	255,265	60.000%	153,159	20.00%	51,053
	7 yr	565,750	57.143%	323,268	14.29%	80,846
	15 yr	5,254,433	52.600%	2,768,577	5.00%	262,722
	20 yr	25,919,263	51.875%	13,238,116	3.75%	956,972
	39 yr	n/a	n/a	n/a	n/a	n/a
	50 yr	n/a	n/a	n/a	n/a	n/a
	Land	n/a	n/a	n/a	n/a	n/a
	Vehicles	n/a	n/a	n/a	n/a	n/a
	Total	52,48%	43.07%	95,55%		

Vintage 2017 - Regular Depreciation

Line No.	Life	Basis	Fed Yr 1 Dep Rate	Fed Tax Depr	State Yr 1 Dep Rate	State Tax Depr
	5 yr	7	0.00%	0.00%	0.00%	0.00%
	7 yr	7	0.00%	0.00%	0.00%	0.00%
	15 yr	7	0.00%	0.00%	0.00%	0.00%
	20 yr	7	0.00%	0.00%	0.00%	0.00%
	39 yr	7	1.98%	0.15%	2.13%	2.17%
	50 yr	7	0.01%	0.20%	0.21%	0.21%
	Land	7	n/a	n/a	n/a	n/a
	Vehicles	7	n/a	n/a	n/a	n/a
	Total	7	1.99%	0.35%	2.34%	2.34%

Reconciliation from Baseline Plant Adds to Net Depreciable Plant Adds:

Category	Amount
Baseline Capital Projects Plant Adds	44,886,197
Less: Repairs deduction	(11,820,734)
Net plant add basis	33,065,463
Less: Land and Vehicles (2.11% x \$33,065,463) & rdg	(696,690)
<b>Net Depreciable Baseline Plant Adds</b>	<b>32,368,773</b>

Reconciliation from Baseline Plant Adds to Net Depreciable Plant Adds:

Category	Amount
Major Capital Projects from Schedule F2	12,539,560
Total Depreciable Plant Adds	44,908,333
Less: Land and Vehicles (2.11% x \$44,908,333) & rdg	(946,897)
<b>Net Depreciable Baseline Plant Adds</b>	<b>43,961,436</b>

TOTAL ASSETS

Category	Amount
Net Depreciable Baseline Plant Adds	32,368,773
Major Capital Projects from Schedule F2	12,539,560
Total Depreciable Plant Adds	44,908,333
Less: Land and Vehicles (2.11% x \$44,908,333) & rdg	(946,897)
<b>Net Depreciable Baseline Plant Adds</b>	<b>43,961,436</b>

NOTE (1) The Protecting Americans from Tax Hikes (PATH) Act of 2015 extended bonus depreciation for property acquired and placed in service from 2015 through 2019. The bonus depreciation percentage is 50 percent for property placed in service during 2017.

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**TAX DEPRECIATION ON MAJOR CAPITAL PROJECTS ADDITIONS**

Line No.	Description	PUC Docket	Estimated In Service Date	Amount		
	(a)	(b)	(c)	(d)		
1	Assumed Value of 2016 Major Capital Projects Plant Items			\$12,539,560		
2	Assumed Value of 2016 Major Capital Projects - CIAC nontaxable			\$ -		
3	Assumed Value of 2016 Major Capital Projects - Total			<u>\$12,539,560</u>		
4	Tax Classification of Major Capital Project Additions	Tax Basis	FED YR 1	FED YR 1	STATE YR 1	STATE YR 1
5	7 yr	Distribution	DEPR RATE	TAX DEPR	DEPR RATE	TAX DEPR
6	15 yr	-	57.145%	-	14.29%	-
7	20 yr	-	52.500%	-	5.00%	-
8	39 yr	12,539,560	51.875%	6,504,897	3.75%	470,234
9	Land	n/a				
10	Vehicles	n/a				
11	Total	<u>\$12,539,560</u>		<u>\$ 6,504,897</u>		<u>\$ 470,234</u>
				<i>To Schedule F1</i>		<i>To Schedule F1</i>

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**CIAC SUMMARY**

Line No.	Description (a)	Reference (b)	Unamortized CIAC (c)	CIAC Amortization (d)
1	12/31/16 Beginning Balance	Sch. G1	\$ (97,870,217)	
2				
3	<u>2017 CIAC Additions:</u>			
4	Baseline 5-Yr Average	Sch. G1	(6,459,047)	
5	Major Projects	Sch. G2	-	
6	Net Additions		<u>(6,459,047)</u>	
7				
8	<u>2017 CIAC Amortization:</u>			
9	Estimated Amortization	Sch. G3	<u>2,153,969</u>	<u>\$ (2,153,969)</u>
10				
11	<b>12/31/17 Ending Balance</b>		<b><u>\$ (102,175,296)</u></b>	(2,153,969)
12				
13	LESS: CIAC Amortization in Current Revenues - NOTE (1)			<u>(1,567,000)</u>
14				
15	<b>RAM Adjustment for CIAC Amortization</b>			<b><u>\$ (586,969)</u></b>

To Sch E p.3 Line 193

Note (1):

Per Attachment 1A, page 62, of MECO-DCA Revised Updated Joint Statement of Probable Entitlement, dated May 14, 2012 in Maui Electric's 2012 Test Year Rate Case (Docket No. 2011-0092).

MAUI ELECTRIC COMPANY, LIMITED  
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	2/19/2013	2/21/2014	2/26/2015	2/23/2016	2/24/2017
	(a)	2012	2013	2014	2015	2016
		(b)	(c)	(d)	(e)	(f)
1	CIAC Balance, January 1 (Dec Rpt. pg. 10)	(74,765,860)	(82,211,127)	(85,047,271)	(88,217,709)	(91,061,643)
2	Less: CIAC Amortization (Dec Rpt. pg. 1)	1,738,802	1,733,766	1,816,855	1,907,533	1,993,924
3	Less: CIAC Balance, December 31 (Dec Rpt. pg. 10)	82,211,127	85,047,271	88,217,709	91,061,643	97,870,217
4						
5	<b>Total CIAC Additions</b>	<b>9,184,069</b>	<b>4,569,910</b>	<b>4,987,293</b>	<b>4,751,467</b>	<b>8,802,498</b>
6						
7	<u>Less Major Projects:</u>					
8						
9	<u>2010 In-service:</u>					
10	6th Increment Distribution Rebuild		01-0148 M0000266	-	-	
11						
12	<u>2013 In-Service:</u>					
13	Major Overhaul of M16		2012-0038 M0001571	-		
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27	<b>Total Net CIAC Additions</b>	<b>9,184,069</b>	<b>4,569,910</b>	<b>4,987,293</b>	<b>4,751,467</b>	<b>8,802,498</b>
28						
29	<b>Last Five-Year Average</b>					<b>6,459,047</b>

To Schedule D1

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 workpaper 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.

**MAUI ELECTRIC COMPANY, LIMITED**  
**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>2017 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 2017 RAM</b>			<b>\$ -</b>

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**CIAC AMORTIZATION**

Line No.	Description (a)	2015		2016		2017	
		Balance (b)		Amortization (c)	Balance (d)	Amortization (e)	
1	<u>CIAC by Vintage:</u>						
2		1980	\$ 2,571	\$ (138)	\$ 2,433		(138)
3		1981	\$ 26,714	\$ (1,304)	\$ 25,410		(1,304)
4		1981 L	\$ 72	\$ (3)	\$ 69		(3)
5		1982	\$ 40,328	\$ (1,865)	\$ 38,463		(1,865)
6		1982	\$ 94,778	\$ (4,382)	\$ 90,396		(4,382)
7		1982 L	\$ 21	\$ (1)	\$ 20		(1)
8		1983	\$ 15,124	\$ (667)	\$ 14,457		(667)
9		1983 L	\$ 6	\$ -	\$ 6		(0)
10		1984	\$ 47,123	\$ (1,986)	\$ 45,137		(1,986)
11		1984 L	\$ 5	\$ -	\$ 5		(0)
12		1985	\$ 114,011	\$ (4,606)	\$ 109,405		(4,606)
13		1986	\$ 153,376	\$ (5,951)	\$ 147,425		(5,951)
14		1986 L	\$ 86	\$ (3)	\$ 83		(3)
15		1987	\$ 149,034	\$ (5,563)	\$ 143,471		(5,563)
16		1987 L	\$ 2,163	\$ (81)	\$ 2,082		(81)
17		1988	\$ 204,450	\$ (7,354)	\$ 197,096		(7,354)
18		1988 L	\$ 30,447	\$ (1,095)	\$ 29,352		(1,095)
19		1989	\$ 369,282	\$ (12,816)	\$ 356,466		(12,816)
20		1989 L	\$ 58,081	\$ (2,016)	\$ 56,065		(2,016)
21		1989 MO	\$ 77,560	\$ (2,698)	\$ 74,862		(2,698)
22		1990	\$ 472,207	\$ (15,833)	\$ 456,374		(15,833)
23		1990 L	\$ 27,038	\$ (907)	\$ 26,131		(907)
24		1990 MO	\$ 4,903	\$ (164)	\$ 4,739		(164)
25		1991	\$ 634,651	\$ (20,583)	\$ 614,068		(20,583)
26		1991 L	\$ 25,749	\$ (835)	\$ 24,914		(835)
27		1991 MO	\$ 8,857	\$ (287)	\$ 8,570		(287)
28		1992	\$ 489,105	\$ (15,361)	\$ 473,744		(15,361)
29		1992 L	\$ 57,810	\$ (1,816)	\$ 55,994		(1,816)
30		1992 MO	\$ 25,616	\$ (805)	\$ 24,811		(805)
31		1993 IK	\$ 2,159,643	\$ (65,758)	\$ 2,093,885		(65,758)
32		1993	\$ 422,093	\$ (12,850)	\$ 409,243		(12,850)
33		1993 L	\$ 61,690	\$ (1,878)	\$ 59,812		(1,878)
34		1993 MO	\$ 17,588	\$ (535)	\$ 17,053		(535)
35		1994	\$ 422,122	\$ (12,469)	\$ 409,653		(12,469)
36		1994 L	\$ (10,861)	\$ 321	\$ (10,540)		321
37		1994 MO	\$ 7,670	\$ (227)	\$ 7,443		(227)
38		1993 IK	\$ 262,629	\$ (7,995)	\$ 254,634		(7,995)
39		1995	\$ 440,858	\$ (12,646)	\$ 428,212		(12,646)
40		1995 L	\$ 3,374	\$ (97)	\$ 3,277		(97)
41		1995 MO	\$ 64,205	\$ (1,842)	\$ 62,363		(1,842)
42		1996	\$ 506,757	\$ (14,129)	\$ 492,628		(14,129)
43		1996 L	\$ 10,257	\$ (286)	\$ 9,971		(286)
44		1996 MO	\$ 70,744	\$ (1,972)	\$ 68,772		(1,972)
45		1996 IK	\$ 93,489	\$ (2,607)	\$ 90,882		(2,607)
46		1997	\$ 402,091	\$ (10,905)	\$ 391,186		(10,905)
47		1997 L	\$ 60,763	\$ (1,648)	\$ 59,115		(1,648)
48		1997 MO	\$ 52,501	\$ (1,424)	\$ 51,077		(1,424)
49		1998	\$ 717,939	\$ (18,955)	\$ 698,984		(18,955)
50		1998 L	\$ 22,326	\$ (589)	\$ 21,737		(589)
51		1998 MO	\$ 16,238	\$ (429)	\$ 15,809		(429)
52		1999	\$ 940,259	\$ (24,184)	\$ 916,075		(24,184)
53		1999 L	\$ 5,508	\$ (142)	\$ 5,366		(142)
54		1999 MO	\$ (747)	\$ 19	\$ (728)		19
55		2000	\$ 848,834	\$ (21,283)	\$ 827,551		(21,283)
56		2000 L	\$ 3,872	\$ (97)	\$ 3,775		(97)
57		2000 MO	\$ 21,237	\$ (532)	\$ 20,705		(532)
58		2001	\$ 1,326,354	\$ (32,439)	\$ 1,293,915		(32,439)
59		2001 L	\$ 92,629	\$ (2,265)	\$ 90,364		(2,265)
60		2001 MO	\$ 35,038	\$ (857)	\$ 34,181		(857)

Line No.	Description (a)	2015		2016		2017	
		Balance (b)		Amortization (c)	Balance (d)	Amortization (e)	
61	2002	\$ 949,356	\$	(22,663)	\$ 926,693		(22,663)
62	2002 L	\$ 11,002	\$	(263)	\$ 10,739		(263)
63	2002 MO	\$ 8,550	\$	(204)	\$ 8,346		(204)
64	2003	\$ 6,145,180	\$	(143,264)	\$ 6,001,916		(143,264)
65	2003 L	\$ 488,265	\$	(11,383)	\$ 476,882		(11,383)
66	2003 MO	\$ 17,721	\$	(413)	\$ 17,308		(413)
67	2004	\$ 1,961,389	\$	(44,682)	\$ 1,916,707		(44,682)
68	2004 L	\$ 99,246	\$	(2,261)	\$ 96,985		(2,261)
69	2004 MO	\$ 32,110	\$	(731)	\$ 31,379		(731)
70	2005	\$ 5,783,888	\$	(128,817)	\$ 5,655,071		(128,817)
71	2005 L	\$ 336,254	\$	(7,489)	\$ 328,765		(7,489)
72	2005 MO	\$ 1,385,210	\$	(30,851)	\$ 1,354,359		(30,851)
73	2006	\$ 8,391,790	\$	(182,817)	\$ 8,208,973		(182,817)
74	2006 L	\$ 79,986	\$	(1,743)	\$ 78,243		(1,743)
75	2006 MO	\$ 384,381	\$	(8,374)	\$ 376,007		(8,374)
76	2007	\$ 7,826,521	\$	(166,858)	\$ 7,659,663		(166,858)
77	2007 L	\$ 33,563	\$	(716)	\$ 32,847		(716)
78	2007 MO	\$ 103,471	\$	(2,206)	\$ 101,265		(2,206)
79	2008	\$ 7,627,450	\$	(159,212)	\$ 7,468,238		(159,212)
80	2008 L	\$ 473,508	\$	(9,884)	\$ 463,624		(9,884)
81	2008 MO	\$ 35,918	\$	(750)	\$ 35,168		(750)
82	2009	\$ 7,027,316	\$	(143,679)	\$ 6,883,637		(143,679)
83	2009 L	\$ 347,331	\$	(7,101)	\$ 340,230		(7,101)
84	2009 MO	\$ 60,837	\$	(1,244)	\$ 59,593		(1,244)
85	2010	\$ 3,891,403	\$	(77,961)	\$ 3,813,442		(77,961)
86	2010 L	\$ (4,708)	\$	94	\$ (4,614)		94
87	2010 MO	\$ 14,860	\$	(298)	\$ 14,562		(298)
88	2011	\$ 2,551,688	\$	(50,115)	\$ 2,501,573		(50,115)
89	2011 L	\$ 9,902	\$	(194)	\$ 9,708		(194)
90	2011 MO	\$ 45,054	\$	(885)	\$ 44,169		(885)
91	2012	\$ 8,600,064	\$	(165,386)	\$ 8,434,679		(165,386)
92	2012 L	\$ 53,149	\$	(1,022)	\$ 52,126		(1,022)
93	2012 MO	\$ 29,907	\$	(575)	\$ 29,332		(575)
94	2013	\$ 4,287,144	\$	(80,889)	\$ 4,206,255		(80,889)
95	2013 L	\$ 49,554	\$	(935)	\$ 48,619		(935)
96	2013 MO	\$ 67,034	\$	(1,264)	\$ 65,769		(1,264)
97	2014	\$ 4,756,902	\$	(88,091)	\$ 4,668,811		(88,091)
98	2014 L	\$ 88,327	\$	(1,636)	\$ 86,691		(1,636)
99	2014 MO	\$ 51,386	\$	(952)	\$ 50,435		(952)
100	2015	\$ 4,677,766	\$	(85,050)	\$ 4,592,716		(85,050)
101	2015 L	\$ 24,092	\$	(438)	\$ 23,654		(438)
102	2015 MO	\$ 49,608	\$	(902)	\$ 48,706		(902)
103	2016				\$ 6,867,570		(124,865)
104	2016 L				\$ 34,543		(628)
105	2016 MO				\$ 1,900,384		(34,552)
103	<b>Total CIAC Amortization for 2017 RAM</b>	<b>91,061,643</b>		<b>(1,993,924)</b>	<b>97,870,217</b>		<b>(2,153,969)</b>

Legend:  
L - Lanai  
MO - Molokai  
IK - In-kind

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**EARNINGS SHARING CALCULATIONS**  
All Amounts \$000 (Except %)

Line No.	Description (a)	Reference (b)	Rate-making Basis Return on Equity			
			Operating Income (c)	Rate Base (d)	Rate of Return (e)	
1	Reported Operating Income before ratemaking adj.	PUC Report, p. 2A and MECO-WP-H-001	\$ 29,846	\$ 430,506		
2	<u>Rate-making Adjustments to Line 1:</u>					
2a	Incentive Compensation Expenses (net of tax)	MECO-WP-H-002	269			
2b	Discretionary and Other Expenses Not Recoverable (net of tax)	MECO-WP-H-002	63			
2c	Amortization of investment income differential	MECO-WP-H-003	11			
2d	Income tax on items to be replaced by synchronized interest	MECO-WP-H-003	(3,612)			
2e	Remove Accrued Earnings Sharing Refund	MECO-WP-H-007	-			
3	Rate-making Basis Amounts - Post Tax	Sum Lines 1 & 2	\$ 26,577	\$ 430,506		
4	<u>Rate-making Capitalization</u>		Balances	Ratios	Cost Rate	Weighted Cost
5	Short-Term Debt (12 mo. Avg)		\$ -	0.00%	0.00%	0.00%
6	Long-Term Debt (Simple Avg)		\$ 178,306	39.26%	4.97%	1.95%
7	Hybrid Securities (Simple Avg)		\$ 9,517	2.10%	7.21%	0.15%
8	Preferred Stock (Simple Avg)		\$ 4,784	1.05%	8.18%	0.09%
9	Common Equity (Simple Avg)		\$ 261,522	57.59%	9.00%	5.18%
10	Total Capitalization	MECO-WP-H-004	\$ 454,129	100.00%		7.37%
11	Line 3 Rate Base Amount				\$ 430,506	
12	Weighted Cost of Debt	Sum lines 5-7			2.10%	
13	Synchronized Interest Expense				\$ 9,044	
	Income Tax Factor	Note 1			1.6369	
13a	Synchronized Interest Expense, net of tax				\$ 5,525	
14	Post Tax Income Available for Preferred & Common (Line 3 - Line 13a)					\$ 21,052
17	Less: Preferred Income Requirement (Line 8 Weighted Cost times Rate Base)					\$ 371
18	Income Available for Common Stock					\$ 20,681
19	Rate-making Equity Investment (Line 9 Ratio times Rate Base)					\$ 247,918
20	Return on Equity for Decoupling Earnings Sharing	Line 18/Line 19				8.34%
21	<u>Earnings Sharing Revenue Credits:</u>		Basis Points			
22	Achieved ROE (basis points)		834			
23	Authorized Return (basis points) (D&O 31288 in Dkt No. 2011-0092 filed May 31, 2013)		900			
24	ROE for sharing (basis points)		-			
25	Sharing Grid per RAM Provision		First 100 bp	Next 200 bp	All over 300 bp	Ratepayer Total
26	Distribution of Excess ROE (basis points)		0	0	0	
27	Ratepayer Share of Excess Earnings		25%	50%	90%	
28	Ratepayer Earnings Share - Basis Points		-	-	-	-
29	Revenue Credit per Basis Point (Note 2)					45
30	Earnings Sharing Revenue Credits (thousands)					\$ -

To Sch A, line 5

Footnotes:

1	Composite Federal & State Income Tax Rate	38.91%
	Income Tax Factor ( 1 / 1-tax rate)	1.6369
2	Rate-making Equity Investment (line 19)	\$ 247,918
	Basis Point = 1/100 of a percent	0.01%
	Earnings Required per Basis Point (thousands)	\$ 24.79
	Times: Income Tax Conversion Factor	1.636929121
	Pretax Income Required per Basis Point (thousands)	\$ 41
	Times: Revenue Tax Conversion Factor	1.0975
	Revenue Requirement per Basis Point (thousands)	\$ 45

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**EARNINGS SHARING CALCULATIONS**  
All Amounts \$000 (Except %)

Line No.	Description	Reference	AS ORIGINALLY FILED 2014 Decoupling Filing			AS REVISED 2014 Decoupling Filing		
			Operating Income	Rate Base	Rate of Return	Operating Income	Rate Base	Rate of Return
	(a)	(b)	(c)	(d)	(e)	(c)	(d)	(e)
1	Reported Operating Income before ratemaking adj.	PUC Report, p. 2A and MECO-WP-H-001	\$ 30,063	\$ 420,598		\$ 30,063	\$ 420,598	
1a	Adjustment to 2013 Interest Expense on Customer Deposit (net of tax) (Note 3)					\$ 31		
2	<b>Ratemaking Adjustments to Line 1:</b>							
2a	Incentive Compensation Expenses (net of tax)	MECO-WP-H-002	295			295		
2b	Discretionary and Other Expenses Not Recoverable (net of tax)	MECO-WP-H-002	146			146		
2c	Amortization of Investment Income differential	MECO-WP-H-003	11			11		
2d	Income tax on items to be replaced by synchronized interest	MECO-WP-H-003	(3,510)			(3,510)		
2e	Remove Accrued Earnings Sharing Refund	MECO-WP-H-006	202			202		
3	Ratemaking Basis Amounts - Post Tax	Sum Lines 1 & 2	\$ 27,206	\$ 420,598		\$ 27,237	\$ 420,598	
4	<b>Ratemaking Capitalization</b>							
		Balances	Ratios	Cost Rate	Weighted Cost			
		MECO-WP-H-005		MECO-WP-H-004				
5	Short-Term Debt (12 mo. Avg)	\$ 18,878	3.91%	0.87%	0.03%			
6	Long-Term Debt (Simple Avg)	\$ 182,170	37.54%	4.78%	1.79%			
7	Hybrid Securities (Simple Avg)	\$ 9,409	2.16%	7.29%	0.16%			
8	Preferred Stock (Simple Avg)	\$ 4,754	1.10%	8.23%	0.09%			
9	Common Equity (Simple Avg)	\$ 238,763	55.27%	9.00%	4.97%			
10	Total Capitalization	\$ 431,973	100.00%		7.04%			
11	Line 3 Rate Base Amount			\$ 420,598		\$ 420,598		
12	Weighted Cost of Debt			1.98%		1.98%		
13	Synchronized Interest Expense			\$ 8,325		\$ 8,325		
	Income Tax Factor			1.636929121		1.636929121		
13a	Synchronized Interest Expense, net of tax			\$ 5,088		\$ 5,088		
14	Post Tax Income Available for Preferred & Common (Line 3 - Line 13a)			\$ 22,120		\$ 22,151		
17	Less: Preferred Income Requirement (Line 8 Weighted Cost times Rate Base)			381		381		
18	Income Available for Common Stock			\$ 21,739		\$ 21,771		
19	Ratemaking Equity Investment (Line 9 Ratio times Rate Base)			232,474		232,474		
20	Return on Equity for Decoupling Earnings Sharing			0.35%		0.36%		
21	<b>Earnings Sharing Revenue Credits:</b>							
		Basis Points				Basis Points		
22	Achieved ROE (basis points)	935				936		
23	Authorized Return (basis points)	900				900		
24	ROE for sharing (basis points)	35				36		
25	Sharing Grid per RAM Provision	First 100 bp	Next 200 bp	All over 300 bp	Ratepayer Total	First 100 bp	Ratepayer Total	
26	Distribution of Excess ROE (basis points)	35	0	0		36		
27	Ratepayer Share of Excess Earnings	25%	50%	90%		25%		
28	Ratepayer Earnings Share - Basis Points	8.8	-	-	8.8	9.1	9.1	
29	Revenue Credit per Basis Point (Note 2)				\$ 42		\$ 42	
30	Earnings Sharing Revenue Credits (thousands)				\$ 366.71		\$ 380.79	
						Additional ESM	\$ 14.07 (a)	
31						Interest Rate	(Note 4) 1.25% (b)	
32						No. of Years	(June 2014 - May 2017) 3 (c)	
33						Additional ESM with interest	\$ 14.61 (a) * (1-(b) <sup>(c)</sup> )	
34							To Sch A, Line 5A	

Footnotes:

- Composite Federal & State Income Tax Rate 38.91%  
Income Tax Factor ( 1 / 1-tax rate) 1.636929121
- Ratemaking Equity Investment (line 19) \$ 232,474  
Basis Point = 1/100 of a percent 0.01%  
Earnings Required per Basis Point (thousands) \$ 23.25  
Times: Income Tax Conversion Factor 1.636929121  
Pretax Income Required per Basis Point (thousands) \$ 38  
Times: Revenue Tax Conversion Factor 1.0975  
Revenue Requirement per Basis Point (thousands) \$ 42
- This adjustment represents an additional refund. In July 2016, the Companies discovered the interest expense accrued for financial statement purposes had erroneously been overstated since May 2012 due to the incorrect programming of a report developed when the Customer Information System was implemented. The report miscalculated accrued interest on released deposits and for deposits that had been transferred to the new Customer Information System. The misstatement was deemed immaterial and no prior period adjustment was warranted for financial reporting purposes. However, it resulted in an understatement of the Earnings Sharing Mechanism in this year. See further discussion at MECO-WP-H1-001.
- In Decision and Order No. 31908 filed in 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 31, 2014. As a result, the interest rate used to compute the RBA interest was changed from 6% to 1.25% as of March 1, 2014. This interest rate is used to calculate interest on the delayed refund to customers.

MAUI ELECTRIC COMPANY, LIMITED  
DECOUPLING CALCULATION WORKBOOK  
EARNINGS SHARING CALCULATIONS  
All Amounts \$000 (Except %)

Line No.	Description	Reference	AS ORIGINALLY FILED - 2016 Decoupling Filing			AS REVISED - 2016 Decoupling Filing		
			Operating Income	Rate Base	Rate of Return	Operating Income	Rate Base	Rate of Return
1	Reported Operating Income before ratemaking adj.	PUC Report, p. 2A and MECO-WP-H-001	\$ 31,940	\$ 439,038		\$ 31,940	\$ 439,038	
1a	Adjustment to 2014 Interest Expense on Customer Deposits (net of tax) (Note 3)							
2	<b>Ratemaking Adjustments to Line 1:</b>							
2a	Incentive Compensation Expenses (net of tax)	MECO-WP-H-002	519			519		
2b	Discretionary and Other Expenses Not Recoverable (net of tax)	MECO-WP-H-002	183			183		
2c	Amortization of investment income differential	MECO-WP-H-003	11			11		
2d	Income tax on items to be replaced by synchronized interest	MECO-WP-H-003	(3,699)			(3,699)		
2e	Remove Accrued Earnings Sharing Refund	MECO-WP-H-006	283			283		
3	Ratemaking Basis Amounts - Post Tax	Sum Lines 1 & 2	\$ 29,237	\$ 439,038		\$ 29,291	\$ 439,038	
4	<b>Ratemaking Capitalization</b>		Balances	Ratios	Cost Rate	Weighted Cost		
5	Short-Term Debt (12 mo. Avg)		\$ 13,683	3.02%	0.54%	0.02%		
6	Long-Term Debt (Simple Avg)		\$ 172,494	38.08%	5.11%	1.94%		
7	Hybrid Securities (Simple Avg)		\$ 9,445	2.08%	7.27%	0.15%		
8	Preferred Stock (Simple Avg)		\$ 4,784	1.05%	8.21%	0.09%		
9	Common Equity (Simple Avg)		\$ 252,634	55.77%	9.00%	5.02%		
10	Total Capitalization	MECO-WP-H-004	\$ 453,019	100.00%		7.22%		
11	Line 3 Rate Base Amount				\$ 439,038		\$ 439,038	
12	Weighted Cost of Debt	Sum lines 5-7			2.1116%		2.1116%	
13	Synchronized Interest Expense				\$ 9,271		\$ 9,271	
13a	Synchronized Interest Expense, net of tax	Note 1			1,6369		1,6369	
14	Post Tax Income Available for Preferred & Common (Line 3 - Line 13a)				\$ 23,573		\$ 23,628	
17	Less: Preferred Income Requirement (Line 8 Weighted Cost times Rate Base)				\$ 378		\$ 379	
18	Income Available for Common Stock				\$ 23,194		\$ 23,249	
19	Ratemaking Equity Investment (Line 9 Ratio times Rate Base)				\$ 244,837		\$ 244,837	
20	Return on Equity for Decoupling Earnings Sharing	Line 18/Line 19			9.47%		9.50%	
21	<b>Earnings Sharing Revenue Credits:</b>		Basis Points			Basis Points		
22	Achieved ROE (basis points)		947			950		
23	Authorized Return (basis points)		900			900		
24	ROE for sharing (basis points)		47			50		
25	Sharing Grid per RAM Provision		First 100 bp	Next 200 bp	All over 300 bp	Ratepayer Total	First 100 bp	Ratepayer Total
26	Distribution of Excess ROE (basis points)		47	0	0	50		
27	Ratepayer Share of Excess Earnings		25%	50%	90%	25%		
28	Ratepayer Earnings Share - Basis Points		11.8	-	-	11.8	12.4	12.4
29	Revenue Credit per Basis Point (Note 2)					44		44
30	Earnings Sharing Revenue Credits (thousands)				\$ 520,522		\$ 544,976	
						Additional ESM	\$ 24.46 [e]	
31						Interest Rate	(Note 4) 1.25% [b]	
32						No. of Years	(June 2015 - May 2017) 2 [c]	
33						Additional ESM with Interest	\$ 25.07 [a] * (1-[b]) <sup>[c]</sup>	
34							To Sch A, Line 5B	
Footnotes:								
1	Composite Federal & State Income Tax Rate		38.91%			38.91%		
	Income Tax Factor (1 / 1-tax rate)		1.6369			1.6369		
2	Ratemaking Equity Investment (line 19)		\$ 244,837			\$ 244,837		
	Basis Point = 1/100 of a percent		0.01%			0.01%		
	Earnings Required per Basis Point (thousands)		\$ 24.48			\$ 24.48		
	Times: Income Tax Conversion Factor		1.636929121			1.636929121		
	Pretax Income Required per Basis Point (thousands)		\$ 40			\$ 40		
	Times: Revenue Tax Conversion Factor		1.0975			1.0975		
	Revenue Requirement per Basis Point (thousands)		\$ 44			\$ 44		
3	This adjustment represents an additional refund. In July 2016, the Companies discovered the interest expense accrued for financial statement purposes had erroneously been overstated since May 2012 due to the incorrect programming of a report developed when the Customer Information System was implemented. The report miscalculated accrued interest on released deposits and for deposits that had been transferred to the new Customer Information System. The misstatement was deemed immaterial and no prior period adjustment was warranted for financial reporting purposes. However, it resulted in an understatement of the Earnings Sharing Mechanism in this year. See further discussion at MECO-WP-H1-001.							
4	In Decision and Order No. 31908 filed in 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 31, 2014. As a result, the interest rate used to compute the RBA interest was changed from 6% to 1.25% as of March 1, 2014. This interest rate is used to calculate interest on the delayed refund to customers.							

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**PUC-ORDERED ADJUSTMENTS**

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

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

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF RAM CAP**

Line No.	Description (a)	Reference (b)	Amount \$000 (c)	
1	2015 Target Revenues subject to escalation	3/31/16 Decoupling, Sch J	143,889	
2	2016 RAM Cap Increase excluding Exceptional & Other Matters	3/31/16 Decoupling, Sch J	2,158	
3	2016 Target Revenues subject to escalation		146,047	
4	2017 GDP Price Index	Sch C	2.0%	
5	2017 RAM Cap Increase excluding Exceptional & Other Matters	Line 3 x Line 4	2,921	
6	RAM Cap for 2016 RAM Revenue Adjustment, Adjusted	3/31/16 Decoupling, Sch J	12,145	
7	RAM Cap for 2017 RAM Revenue Adjustment	Line 5 + Line 6	15,066	Sch A1

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**EXCEPTIONAL & OTHER MATTERS**

<u>Line No.</u>	<u>Description</u>	<u>Reference</u>	<u>Amount \$000</u>
	(a)	(b)	(c)
1	CIS Deferred Cost	Schedule K1	\$ 393.4
2	2017 Revenue Adjustment for Exceptional & Other Matters		\$ 393.4
			To Sch A1

Note 1 **Exceptional and Other Matters:**  
See Order No. 32735, filed March 31, 2015, paragraph 107, pages 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 to the referenced paragraph 107 above 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.

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**EXCEPTIONAL & OTHER MATTERS - RETURN ON INVESTMENT**  
\$ in thousands

<b>MECO 2017 RAM Rate Base (Note 1)</b>					
Line No.	Description	Reference	Recorded at 12/31/2016	RAM Projected Amounts	Estimated at 12/31/2017
	(a)	(b)	(e)	(f)	(g)
1	CIS Def Cost	MECO-WP-D1-001, page 1	\$ 1,962	\$ (233)	\$ 1,729
2	CIS ADIT - 28400	MECO-WP-K1-001	(712)	85	(627)
3	Total	Line 1 + Line 2	\$ 1,250	\$ (149)	\$ 1,101
4	2017 Average Balance				\$ 1,175.7
5	Change in Rate Base				\$ 1,175.7
6	Pretax Rate of Return	Schedule D Line 7			10.66%
7	Pretax Return Requirement	Line 5 x Line 6			\$ 125.3
8	Revenue Requirement \$000	Line 7 x Line 11			\$ 137.5
9	CIS Amortization	MECO-WP-D1-001, page 1			\$ 233.1
10	Revenue Requirement \$000	Line 9 x Line 11			\$ 255.8
11	Revenue Tax Factor (1/(1-8.885%))	Schedule D Line 11			1.0975
12	Total Return on/of Investment \$000	Line 8 + Line 10			\$ 393.4
					To Sch K

Note 1 See Order No. 32735, paragraph 107, Page 94 - 95, filed March 31, 2015, in which the commission noted that 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. Accordingly, adjustments 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 are being treated as Exceptional & Other Matters not subject to the RAM Cap.

**Maui Electric Company, Ltd.**  
**(Consolidated) Sales Forecast for June 2017 to May 2018**  
**in GWh**

	2017							2018					Total
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
R	27.9	29.2	29.0	28.8	30.2	30.4	32.5	31.3	27.7	29.5	26.8	26.7	349.9
G	6.9	7.2	7.3	7.2	7.3	7.1	6.9	6.8	6.2	6.7	6.5	6.7	82.9
J	23.1	24.0	24.2	23.8	24.2	23.2	22.7	22.7	20.9	22.4	21.9	22.8	275.8
P	31.1	32.6	32.5	31.3	31.8	30.3	30.2	30.2	27.7	30.4	29.7	30.9	368.8
F	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.6	0.5	0.5	6.4
Total	89.5	93.5	93.4	91.7	94.1	91.4	92.9	91.5	83.0	89.5	85.4	87.7	1,083.7

Source: Maui Electric Company, Ltd. Sales Forecast completed in November 2016.

Mau Electric Company, Limited  
Energy Delivery Methodology Comparison

Line	Account Group	Ind		A	B	C = A - B
				Current Method	Old Method	Difference
1	G10	BE	Billable O&M expense	17,255	25,840	(8,585)
2	G20	NE	Non-billable O&M expense other than supervision	107	224	(116)
3	G30	NE	Non-billable O&M expense other than supervision	3,592,199	4,174,841	(582,642)
4		NS	Non-billable O&M expense supervision	-	-	-
5	G40	NN	Non-Regulated Expense	0	720	(720)
6	G50	NI	Non-billable Install (Capital)	3,972,692	3,161,988	810,704
7		NR	Non-billable Removal	704,637	909,319	(204,683)
8	G60	BE, BI, BR	Billable O&M expense, install, removal	0	-	0
9	G70	BE	Billable O&M expense	1,397	7,394	(5,997)
10		BT	Billable Temporary Facilities	19,869	27,831	(7,962)
11	G80	NC	Non-billable Clearing	-	-	-
12		NP	Non-billable Preliminary Engineering	-	-	-
13			Totals	<u>8,308,157</u>	<u>8,308,157</u>	<u>(0)</u>
14			O&M expense items (Line 3 + Line 4)			(582,642)

Note 1: The total 2016 O&M impact of the change in on-cost clearing allocation amount is calculated as follows:

Energy Delivery (ED) impact	Line 14	(582,642)
Power Supply (PS) impact	MECO-WP-A1-001 p 2, Line 14	(144,982)
		<u>(727,624)</u>
Revenue Tax Factor	Schedule C	1.0975
Adjustment for Change in On-cost Clearing		<u>(798,567)</u>
		To Sch A1

Maui Electric Company, Limited  
Power Supply Methodology Comparison

Line	Account Group	Ind		A	B	C = A - B
				Current Method	Old Method	Difference
1	G10	BO	Billable Incidental Electric Revenue	14	40	(26)
2	G20	NE	Non-billable O&M expense other than supervision	969	860	108
3	G30	NE	Non-billable O&M expense other than supervision	992,851	1,137,833	(144,982)
4		NS	Non-billable O&M expense supervision			-
5	G40	NN	Non-billable, Non-regulated expense	17	100	(83)
6	G50	NI	Non-billable Install (Capital)	234,129	84,113	150,016
7		NR	Non-billable Removal	5,040	3,046	1,994
8	G60	BE	Billable O&M expense	29	-	29
9	G70	BE	Billable O&M expense	(6,836)	220	(7,056)
10		BT	Billable Temporary Facilities	-	-	-
11	G80	NC	Non-billable Clearing	-	-	-
12		NP	Non-billable Preliminary Engineering	-	-	-
13			Totals	1,226,212	1,226,212	(0)
14			O&M expense items (Line 3 + Line 4)			(144,982)

To MECO-WP-A1-001 page 1

**MAUI ELECTRIC COMPANY, LIMITED  
DECOUPLING CALCULATION WORKBOOK  
DETERMINATION OF TOTAL RAM REVENUE ADJUSTMENT ALLOWED**

Line No.	Description (a)	Reference (b)	2016 Decoupling Filing	
			Amount (c)	
<b>RAM REVENUE ADJUSTMENT DETERMINED ACCORDING TO EXISTING TARIFFS AND PROCEDURES</b>			<b>Note 4</b>	
			<b>As Filed</b>	<b>As Corrected</b>
1	O&M RAM	Schedule C	\$ 3,757,042	\$ 3,757,042
2	Rate Base RAM - Return on Investment	Schedule D	\$ 6,130,458	\$ 6,130,458
3	Depreciation & Amortization RAM Expense	Schedule E	\$ 4,020,904	\$ 4,020,904
4	Total RAM Revenue Adjustment		\$ 13,908,405	\$ 13,908,405
5	Less: Adjustment for Change in On-cost Clearing Allocation	Note 3	\$ (738,272)	\$ (1,044,026)
6	Total Adjusted RAM Revenue Adjustment		\$ 13,170,133	\$ 12,864,379
<b>RAM REVENUE ADJUSTMENT CAP</b>				
7	RAM Cap for 2016 RAM Revenue Adjustment	Schedule J	\$ 12,145,249	\$ 12,145,249
8	Plus: Exceptional and Other Matters	Schedule K	410,749	410,749
9	2016 Cap - Total RAM Revenue Adjustment (Note 2)		\$ 12,555,998	\$ 12,555,998
10	Total RAM Revenue Adjustment Allowed (Note 1)	Lesser of Line 4 or Line 7	\$ 12,555,998	\$ 12,555,998
			To Sch A	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, paragraph 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 2016 RAM Cap, prior year's adjustment was incorporated in 2015 target revenues that has been escalated to compute the 2016 RAM Cap (See Schedule J). In calculating the 2016 RAM revenue adjustment determined according to existing tariffs and procedures, the adjustment has been updated to reflect the 2015 O&M impact of the change in on-cost clearing allocation. See MECO-WP-A1-001 for the calculation.

**Note 4** Adjustments to the 2016 Decoupling Filing on-cost clearing allocation calculation were identified in 2017 and corrected. The 2016 Schedule A1 and HECO-WP-A1-001 were corrected and included as HECO-WP-A1-002 for reference. Revisions had no impact to the 2016 Decoupling filing because the RAM Revenue Adjustment Cap was utilized in determining the Total RAM Revenue Adjustment Allowed.

Maui Electric Company, Limited  
Energy Delivery Methodology Comparison

		2016 Decoupling Filing									
		As Filed					As Corrected				
		A	B	C = A - B	D	E	F = D - E	G = A - D	H = B - E	I = G - H	Change
Line	Account Group	Current Method	Old Method	Difference	Current	Old	Difference	Current	Old	Difference	
1	G10 BE	18,976	25,563	(6,587)	19,642	27,399	(7,757)	(666)	(1,836)	1,170	
2	G30 NE	3,207,204	3,741,490	(534,286)	8	237	(228)	(8)	(237)	228	
3	G40 NS				3,224,076	4,035,989	(811,913)	(16,872)	(294,500)	277,627	
4	G50 NN				0	814	(814)	(0)	(814)	814	
5	G60 NI	4,192,472	3,477,491	714,981	4,181,883	3,248,905	932,977	10,589	228,585	(217,996)	
6	G70 NR	935,918	1,066,405	(130,487)	933,554	996,307	(62,753)	2,364	70,098	(67,734)	
7	G80 BE, BI, BR	85,782	128,150	(42,368)	89,676	128,120	(38,444)	(3,894)	30	(3,924)	
8	G90 BC				117		117	(117)		(117)	
9	G100 BE	39,966	41,219	(1,253)	24,064	33,187	(9,123)	15,902	8,032	7,870	
10	G110 BT				7,294	9,358	(2,064)	(7,294)	(9,358)	2,064	
11	Totals	8,480,318	8,480,318	(0)	8,480,314	8,480,318	(4)	4	0	4	
12	O&M expense items (Line 2 + Line 3)			(534,286)			(811,913)				

Note 1: The total 2015 O&M impact of the change in on-cost clearing, allocation amount is calculated as follows:

Energy Delivery (ED) impact	Line 12	(534,286)	(811,913)
Power Supply (PS) impact	MECO-WP-A1-001 p 2, Line 13	(138,399)	(139,363)
Revenue Tax Factor	Schedule C	(672,685)	(951,276)
Adjustment for Change in On-cost Clearing		1,0975	1,0975
		<u>(738,272)</u>	<u>(1,044,026)</u>
	To Sch A1		To WP-A1-002, page 1



Maui Electric Company, Ltd.  
Adjustment for Prior Year RBA Accrual  
Recovery of December 31, 2014 RBA Balance

Line		2016					
		January	February	March	April	May	
1	Billed RBA Revenues	Note 1	1,480,462	1,426,747	1,397,676	1,459,924	1,416,304
2	Net Unbilled Revenues	Note 1	26,891	(32,720)	57,064	(26,259)	75,478
3	Total billed + Unbilled		1,507,354	1,394,027	1,454,740	1,433,666	1,491,782
4	x % Share for RBA	Note 2	43.6958%	43.6958%	43.6958%	43.6958%	43.6958%
5	RBA Revenues (Recovery of 12/31/14 RBA balance)		658,650	609,131	635,661	626,452	651,846
6			← Schedule B2 →				
7	Less: Revenue Taxes	0.08885	(58,521)	(54,121)	(56,478)	(55,660)	(57,917)
8	RBA Revenues (Recovery of 12/31/14 RBA balance),		600,129	555,010	579,183	570,792	593,929
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, 2015 - May 31, 2016 is per Transmittal No. 15-05 (Decoupling) - RBA Rate Adjustment (Filed June 3, 2015), Schedule A, Note (1).

**Maui Electric Company, Ltd.**  
**Adjustment for Prior Year RBA Accrual**  
**Recovery of December 31, 2015 RBA Balance**

Line		2016							
		June	July	August	September	October	November	December	
1	Billed RBA Revenues	Note 1	1,442,450	1,375,355	1,423,786	1,411,500	1,337,143	1,345,251	1,301,932
2	Net Unbilled Revenues	Note 1	(135,708)	34,835	22,240	(78,824)	62,257	(77,688)	31,583
3	Total billed + Unbilled		1,306,742	1,410,190	1,446,025	1,332,676	1,399,400	1,267,563	1,333,516
4	x % Share for RBA	Note 2	19.8478%	19.8478%	19.8478%	19.8478%	19.8478%	19.8478%	19.8478%
5	RBA Revenues (Recovery of 12/31/15 RBA balance)		259,359	279,891	287,004	264,507	277,750	251,583	264,673
6			← Schedule B2 →						
7	Less: Revenue Taxes	0.08885	(23,044)	(24,868)	(25,500)	(23,501)	(24,678)	(22,353)	(23,516)
8	RBA Revenues (Recovery of 12/31/15 RBA balance),		236,315	255,023	261,504	241,006	253,072	229,230	241,157
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, 2016 - May 31, 2015 is per Transmittal No. 16-03 (Decoupling) - RBA Rate Adjustment (Filed March 31, 2016), Schedule A, Note (1).

MECO-WP-B-002  
MAUI ELECTRIC COMPANY, LTD.  
AUG 2016 ADJUSTMENT - CUSTOMER BILLING ADJUSTMENTS DUE TO INCORRECT METER INSTALL

REVENUE BALANCING ACCOUNT - REVENUE TRACKER

	May-12	Jun-12	Jul-12	Aug-12	Sept-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
<b>AS PREVIOUSLY STATED</b>												
L1	8,890,250	11,012,872	11,478,752	11,648,986	10,792,874	11,382,282	10,588,757	10,521,111	10,728,168	9,511,705	10,715,227	10,197,583
L2	8,852,750	10,010,820	10,559,614	10,721,781	9,985,376	10,746,895	10,037,716	10,448,071	10,268,691	9,145,916	10,188,387	10,061,281
L3	L1 - L2	1,002,052	919,138	925,221	827,498	615,587	561,041	75,040	461,477	365,789	516,840	136,302
L4	L4 + L3	1,002,052	919,138	925,221	827,498	615,587	561,041	75,040	461,477	365,789	516,840	136,302
L5	Net RBA Change	237,500	1,002,052	919,138	925,221	827,498	561,041	75,040	461,477	365,789	516,840	136,302
Adjustment(s) to Beginning Balance (2,641) (2,522) (2,199) (1,007) (4,005) (1,806) (10,838)												
L6	Beginning RBA Balance	235,452	1,241,182	2,168,819	3,104,999	3,950,087	4,565,948	5,167,308	5,270,171	5,759,143	6,143,799	6,692,645
L7	L6 + L5	237,500	1,237,500	2,160,315	3,094,040	3,932,493	4,565,666	5,148,981	5,242,341	5,728,927	6,060,639	6,828,963
L8	(L8 + L7) + 2 + (1)	72,544	449,913	1,038,887	1,607,540	2,801,137	2,972,923	3,179,827	3,360,503	3,629,889	3,911,114	4,130,175
L9	L8 x 1.25% + 12	594	26,204	8,504	13,157	17,584	21,289	24,332	28,024	27,505	32,011	33,804
L10	L7 + L9	238,093	1,263,704	2,168,819	3,107,197	3,950,087	4,586,955	5,171,313	5,268,365	5,756,143	6,092,645	6,862,767

	May-12	Jun-12	Jul-12	Aug-12	Sept-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
<b>AS REVISED</b>												
L1	8,890,250	11,012,872	11,478,752	11,648,986	10,792,874	11,382,282	10,588,757	10,521,111	10,728,168	9,511,705	10,715,227	10,197,583
L2	8,852,750	10,010,820	10,559,614	10,721,781	9,985,376	10,746,895	10,037,716	10,448,071	10,268,691	9,145,916	10,188,387	10,061,281
L3	L1 - L2	1,002,052	919,138	925,221	827,498	615,587	561,041	75,040	461,477	365,789	516,840	136,302
L4	L4 + L3	1,002,052	919,138	925,221	827,498	615,587	561,041	75,040	461,477	365,789	516,840	136,302
L5	Net RBA Change	237,500	1,002,052	919,138	925,221	827,498	561,041	75,040	461,477	365,789	516,840	136,302
Adjustment(s) to Beginning Balance (2,641) (2,522) (2,199) (1,007) (4,005) (1,806) (10,838)												
L6	Beginning RBA Balance	232,875	1,207,968	2,123,963	3,052,202	3,898,084	4,556,224	5,137,444	5,240,165	5,728,997	6,113,509	6,662,209
L7	L6 + L5	237,500	1,235,027	2,127,104	3,049,188	3,879,700	4,513,671	5,117,265	5,212,484	5,701,842	6,094,788	6,788,531
L8	(L8 + L7) + 2 + (1)	118,750	734,001	1,687,535	2,586,578	3,465,951	4,205,878	4,838,745	5,174,964	5,811,892	6,371,892	6,730,370
L9	L8 x 1.25% + 12	(1,884)	(4,559)	(3,140)	18,383	43,560	24,184	25,875	27,355	29,559	31,860	33,682
L10	L7 + L9	235,616	1,230,468	2,123,963	3,054,400	3,898,084	4,557,219	5,141,449	5,238,359	5,728,997	6,124,347	6,822,213

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 account 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 an incorrect meter installation. The customer hired an electrician to investigate her high consumption. It was discovered the house meter was tied to the tenant meters causing a higher load than what it should be. 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.



MECO-WP-B-002  
MAUI ELECTRIC COMPANY, LTD.  
AUG 2016 ADJUSTMENT - CUSTOMER BILLING ADJUSTMENTS DUE TO INCORRECT METER INSTALL

REVENUE BALANCING ACCOUNT - REVENUE TRACKER

AS PREVIOUSLY STATED	May-14	Jun-14	Jul-14	Aug-14	Sept-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
L1 Monthly Target Revenue	10,496,602	11,050,888	11,518,376	11,687,191	10,830,130	11,401,504	10,635,343	10,557,429	10,765,201	9,544,539	10,752,215	10,232,785
L2 Recorded Adjusted Revenue	10,112,780	10,228,912	10,660,195	11,006,384	10,430,740	10,940,583	10,209,680	10,185,822	9,839,726	9,434,219	10,188,168	10,180,422
L3 Target vs. Actual Revenue	383,812	821,976	858,181	680,807	399,378	460,921	425,663	371,607	925,475	110,320	554,049	52,360
L4 Reversal of Previous Year Accrual	(443,005)	(739,833)	(603,716)	(606,393)	(771,042)	(818,165)	(744,815)	(734,758)	(725,533)	(675,641)	(714,876)	(728,434)
L5 Net RBA Change	(59,193)	82,143	(145,535)	(125,586)	(371,666)	(356,252)	(318,965)	(363,166)	99,923	(565,339)	(160,644)	(676,071)
Adjustment(s) to Beginning Balance	(41,405)	(1,948)	(1,948)	(1,948)	(90)	(90)	(90)	(90)	(90)	(90)	(90)	(90)
L6 Beginning RBA Balance	8,411,498	8,357,638	8,443,178	8,302,970	8,182,558	7,815,981	7,462,584	7,148,266	6,789,533	6,883,808	6,332,676	6,176,011
L7 End Balance Before Interest	8,352,305	8,439,781	8,297,843	8,177,404	7,810,892	7,457,724	7,143,619	6,785,100	6,889,456	6,328,469	6,172,032	5,499,940
L8 Balance Subject to Interest	5,120,503	5,130,772	5,113,483	5,033,929	4,865,198	4,665,352	4,461,465	4,255,947	4,178,247	4,038,744	3,819,583	3,566,419
L9 Interest	5,334	5,345	5,327	5,244	5,089	4,860	4,647	4,433	4,352	4,207	3,978	3,715
L10 Ending RBA Balance	8,357,838	8,445,126	8,302,870	8,182,848	7,815,981	7,462,584	7,148,266	6,789,533	6,893,808	6,332,676	6,176,011	5,503,655
Target vs Actual Difference:												
Recorded Adjusted Revenues - Unadjusted	10,112,780	10,228,912	10,660,195	11,006,384	10,430,754	10,940,598	10,209,693	10,185,837	9,839,745	9,434,237	10,198,183	10,180,422
Billing Adjustments: Customer 1	(10)	(10)	(12)	(12)	(14)	(13)	(13)	(16)	(18)	(18)	(17)	(17)
Revised Revenues	10,112,780	10,228,902	10,660,183	11,006,352	10,430,740	10,940,583	10,209,680	10,185,822	9,839,726	9,434,219	10,198,168	10,180,405
Target	10,496,602	11,050,888	11,518,378	11,687,191	10,830,130	11,401,504	10,635,343	10,557,429	10,765,201	9,544,539	10,752,215	10,232,785
	383,822	821,988	858,193	680,839	399,390	460,921	425,663	371,607	925,475	110,320	554,049	52,360
Adjustment(s) to Beginning Balance	(59,183)	82,153	(145,523)	(125,554)	(371,652)	(356,244)	(318,952)	(363,151)	99,942	(565,321)	(160,627)	(676,054)
L6 Beginning RBA Balance	8,199,783	8,188,450	8,312,784	8,213,472	8,133,582	8,008,670	8,491,564	8,214,272	7,891,284	8,030,932	7,504,352	7,380,845
L7 End Balance Before Interest	8,140,599	8,268,603	8,167,271	8,087,918	7,761,930	8,448,428	8,172,612	7,851,121	7,991,226	7,465,611	7,343,725	6,704,791
L8 Balance Subject to Interest	8,170,181	8,227,528	8,240,033	8,150,685	8,947,698	8,627,548	8,332,088	8,032,698	7,941,255	7,748,271	7,424,038	7,042,618
L9 Interest	45,651	46,138	46,200	45,753	44,739	43,138	41,680	40,183	39,708	38,741	37,120	35,214
L10 Ending RBA Balance	8,186,450	8,314,742	8,213,472	8,133,672	8,008,670	8,491,584	8,214,272	7,891,284	8,030,932	7,504,352	7,380,845	8,740,005
Revised Adjustment to Revenue	383,822	821,988	858,193	680,839	399,390	460,921	425,663	371,607	825,475	110,320	554,049	52,360
RBA Adjustment Recorded to Revenue	383,812	821,976	858,181	680,827	399,378	460,908	425,650	371,592	825,458	110,302	554,032	52,363
Adjustment to Revenue	10	10	12	12	14	13	13	16	19	18	17	17

AS REVISED	May-14	Jun-14	Jul-14	Aug-14	Sept-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
L1 Monthly Target Revenue	10,496,602	11,050,888	11,518,378	11,687,191	10,830,130	11,401,504	10,635,343	10,557,429	10,765,201	9,544,539	10,752,215	10,232,785
L2 Recorded Adjusted Revenue	10,112,780	10,228,902	10,660,183	11,006,352	10,430,740	10,940,583	10,209,680	10,185,822	9,839,726	9,434,219	10,188,168	10,180,405
L3 Target vs. Actual Revenue	383,822	821,988	858,193	680,839	399,390	460,921	425,663	371,607	925,475	110,320	554,049	52,360
L4 Reversal of Previous Year Accrual	(443,005)	(739,833)	(603,716)	(606,393)	(771,042)	(818,165)	(744,815)	(734,758)	(725,533)	(675,641)	(714,876)	(728,434)
L5 Net RBA Change	(59,183)	82,153	(145,523)	(125,554)	(371,652)	(356,244)	(318,952)	(363,151)	99,942	(565,321)	(160,627)	(676,054)
Adjustment(s) to Beginning Balance	(41,405)	(1,948)	(1,948)	(1,948)	(90)	(90)	(90)	(90)	(90)	(90)	(90)	(90)
L6 Beginning RBA Balance	8,199,783	8,188,450	8,312,784	8,213,472	8,133,582	8,008,670	8,491,564	8,214,272	7,891,284	8,030,932	7,504,352	7,380,845
L7 End Balance Before Interest	8,140,599	8,268,603	8,167,271	8,087,918	7,761,930	8,448,428	8,172,612	7,851,121	7,991,226	7,465,611	7,343,725	6,704,791
L8 Balance Subject to Interest	8,170,181	8,227,528	8,240,033	8,150,685	8,947,698	8,627,548	8,332,088	8,032,698	7,941,255	7,748,271	7,424,038	7,042,618
L9 Interest	45,651	46,138	46,200	45,753	44,739	43,138	41,680	40,183	39,708	38,741	37,120	35,214
L10 Ending RBA Balance	8,186,450	8,314,742	8,213,472	8,133,672	8,008,670	8,491,584	8,214,272	7,891,284	8,030,932	7,504,352	7,380,845	8,740,005
Revised Adjustment to Revenue	383,822	821,988	858,193	680,839	399,390	460,921	425,663	371,607	825,475	110,320	554,049	52,360
RBA Adjustment Recorded to Revenue	383,812	821,976	858,181	680,827	399,378	460,908	425,650	371,592	825,458	110,302	554,032	52,363
Adjustment to Revenue	10	10	12	12	14	13	13	16	19	18	17	17

MECO-WP-B-002  
MAUI ELECTRIC COMPANY, LTD.  
AUG 2016 ADJUSTMENT - CUSTOMER BILLING ADJUSTMENTS DUE TO INCORRECT METER INSTALL

REVENUE BALANCING ACCOUNT - REVENUE TRACKER

	May-15	June-15	July-15	Aug-15	Sept-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
<b>AS PREVIOUSLY STATED</b>												
L1	10,882,073	10,993,823	11,843,338	11,812,879	10,947,692	11,525,358	10,751,059	10,871,531	10,882,147	9,848,181	10,889,039	10,343,808
L2	10,207,877	10,237,268	11,423,234	11,708,274	11,065,358	11,009,873	10,771,707	10,471,833	10,520,008	9,960,137	10,588,661	10,344,812
L3	674,196	756,557	220,104	104,605	(117,648)	515,865	(20,628)	199,730	382,161	(311,956)	270,378	(1,004)
L4	(715,196)	(463,870)	(663,323)	(681,364)	(653,422)	(635,852)	(618,469)	(594,904)	(600,129)	(585,010)	(579,163)	(570,792)
L5	(41,000)	292,670	(443,234)	(576,779)	(771,089)	(120,167)	(839,117)	(395,206)	(237,960)	(866,986)	(308,805)	(571,796)
<b>Adjustment(s) to Beginning Balance</b>												
L6	5,503,655	5,468,144	5,762,388	5,322,678	4,749,103	3,980,791	3,863,120	3,228,258	2,832,978	2,596,714	1,731,105	1,423,303
L7	5,462,655	5,758,814	5,319,152	4,745,899	3,978,014	3,860,825	3,224,003	2,831,051	2,594,988	1,729,728	1,422,300	851,506
L8	3,349,659	3,428,893	3,384,564	3,075,447	2,665,688	2,395,161	2,164,752	1,850,205	1,657,872	1,321,512	963,208	684,840
L9	3,469	3,572	3,526	3,204	2,777	2,495	1,927	1,527	1,277	1,003	1,003	724
L10	5,466,144	5,762,388	5,322,678	4,749,103	3,980,791	3,863,120	3,228,258	2,832,978	2,596,714	1,731,105	1,423,303	852,230
<b>Target vs Actual Difference:</b>												
L1	10,207,877	10,237,263	11,423,249	11,708,274	11,065,359	11,009,873	10,771,707	10,471,833	10,520,008	9,960,137	10,588,661	10,344,812
L2	(15)	(17)	(14)	(14)	(20)	(18)	(20)	(32)	(23)	(20)	(19)	(17)
L3	10,207,862	10,237,268	11,423,234	11,708,259	11,065,338	11,009,855	10,771,687	10,471,801	10,519,986	9,960,117	10,588,642	10,344,796
L4	10,862,073	10,993,823	11,843,338	11,812,879	10,947,692	11,525,358	10,751,059	10,871,531	10,882,147	9,848,181	10,889,039	10,343,808
L5	674,211	756,557	220,104	104,620	(117,648)	515,703	(20,628)	199,730	382,161	(311,956)	270,397	(988)
<b>Adjustment(s) to Beginning Balance</b>												
L6	6,740,005	6,708,819	7,011,502	6,574,332	6,003,168	5,237,104	5,121,567	4,486,748	4,095,395	3,890,970	2,997,058	2,690,805
L7	6,698,020	7,001,505	6,568,283	5,997,568	5,232,098	5,116,955	4,482,470	4,091,574	3,857,427	2,994,004	2,688,272	2,119,025
L8	6,718,512	6,855,182	4,147,945	3,840,087	3,431,812	3,162,847	2,933,553	2,620,248	2,429,169	2,993,852	1,736,584	1,469,163
L9	9,799	9,997	6,049	5,600	5,005	4,612	4,278	3,621	3,543	3,054	2,553	2,143
L10	6,708,819	7,011,502	6,574,332	6,003,168	5,237,104	5,121,567	4,486,748	4,095,395	3,860,970	2,997,058	2,690,805	2,121,168
<b>Revised Adjustment to Revenue</b>												
L1	674,211	756,557	220,104	104,620	(117,648)	515,703	(20,628)	199,730	382,161	(311,956)	270,397	(988)
L2	674,196	756,540	220,089	104,605	(117,667)	515,685	(20,648)	199,688	382,139	(311,976)	270,378	(1,004)
L3	15	17	14	14	20	18	20	32	23	20	19	17

	May-15	June-15	July-15	Aug-15	Sept-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
<b>AS REVISED</b>												
L1	10,882,073	10,993,823	11,843,338	11,812,879	10,947,692	11,525,358	10,751,059	10,871,531	10,882,147	9,848,181	10,889,039	10,343,808
L2	10,207,862	10,237,268	11,423,234	11,708,259	11,065,338	11,009,855	10,771,687	10,471,801	10,519,986	9,960,117	10,588,642	10,344,796
L3	674,211	756,557	220,104	104,620	(117,648)	515,703	(20,628)	199,730	382,161	(311,956)	270,397	(988)
L4	(715,196)	(463,870)	(663,323)	(681,364)	(653,422)	(635,852)	(618,469)	(594,904)	(600,129)	(585,010)	(579,163)	(570,792)
L5	(40,985)	292,667	(443,219)	(576,764)	(771,068)	(120,149)	(839,097)	(395,174)	(237,968)	(866,966)	(308,766)	(571,760)
<b>Adjustment(s) to Beginning Balance</b>												
L6	6,740,005	6,708,819	7,011,502	6,574,332	6,003,168	5,237,104	5,121,567	4,486,748	4,095,395	3,890,970	2,997,058	2,690,805
L7	6,698,020	7,001,505	6,568,283	5,997,568	5,232,098	5,116,955	4,482,470	4,091,574	3,857,427	2,994,004	2,688,272	2,119,025
L8	6,718,512	6,855,182	4,147,945	3,840,087	3,431,812	3,162,847	2,933,553	2,620,248	2,429,169	2,993,852	1,736,584	1,469,163
L9	9,799	9,997	6,049	5,600	5,005	4,612	4,278	3,621	3,543	3,054	2,553	2,143
L10	6,708,819	7,011,502	6,574,332	6,003,168	5,237,104	5,121,567	4,486,748	4,095,395	3,860,970	2,997,058	2,690,805	2,121,168
<b>Revised Adjustment to Revenue</b>												
L1	674,211	756,557	220,104	104,620	(117,648)	515,703	(20,628)	199,730	382,161	(311,956)	270,397	(988)
L2	674,196	756,540	220,089	104,605	(117,667)	515,685	(20,648)	199,688	382,139	(311,976)	270,378	(1,004)
L3	15	17	14	14	20	18	20	32	23	20	19	17

MECO-WP-B-002  
MAUI ELECTRIC COMPANY, LTD.  
AUG 2016 ADJUSTMENT - CUSTOMER BILLING ADJUSTMENTS DUE TO INCORRECT METER INSTALL

REVENUE BALANCING ACCOUNT - REVENUE TRACKER

	May-16	June-16	July-16	Aug-16	Sept-16	Oct-16	Nov-16	Dec-16	Total Billing Adjustment (639)
<b>AS PREVIOUSLY STATED</b>									
L1	11,000,128	11,384,749	11,866,360	12,040,275	11,157,321	11,745,957	10,856,650	10,876,381	
L2	10,811,738	10,566,147	11,378,537	11,605,752	10,823,562	11,260,145	10,292,656	10,451,215	
L3	188,390	818,602	489,828	434,523	533,759	485,812	663,994	425,168	
L4	(593,929)	(236,315)	(285,023)	(261,504)	(241,006)	(253,072)	(229,230)	(241,157)	
L5	(405,523)	582,287	234,803	173,019	292,753	232,740	434,764	184,009	
				639				23,899	
L6	852,230	447,104	1,029,861	1,268,030	1,439,909	1,733,671	1,987,588	2,437,641	
L7	446,691	1,029,391	1,294,661	1,439,048	1,732,682	1,968,411	2,402,352	2,611,850	
L8	396,756	450,985	700,862	826,268	969,062	1,130,190	1,334,788	1,539,251	
L9	413	470	881	881	1,009	1,177	1,390	1,603	
L10	447,104	1,029,861	1,265,391	1,439,909	1,733,671	1,987,588	2,403,742	2,613,234	
				639				23,899	
<b>Adjustment(s) to Beginning Balance</b>									
	10,811,738	10,566,147	11,378,537	11,605,752	10,823,562	11,260,145	10,292,656	10,451,215	
	(17)	(17)	(3)						
	10,811,722	10,566,130	11,378,534	11,605,752	10,823,562	11,260,145	10,292,656	10,451,215	
	188,406	818,619	489,826	434,523	533,759	485,812	663,994	425,168	
	(593,929)	(236,315)	(285,023)	(261,504)	(241,006)	(253,072)	(229,230)	(241,157)	
	(405,523)	582,304	234,803	173,019	292,753	232,740	434,764	184,009	
				639				23,899	
<b>AS REVISED</b>									
L1	11,000,128	11,384,749	11,866,360	12,040,275	11,157,321	11,745,957	10,856,650	10,876,381	
L2	10,811,722	10,566,130	11,378,534	11,605,752	10,823,562	11,260,145	10,292,656	10,451,215	
L3	188,406	818,619	489,828	434,523	533,759	485,812	663,994	425,168	
L4	(593,929)	(236,315)	(285,023)	(261,504)	(241,006)	(253,072)	(229,230)	(241,157)	
L5	(405,523)	582,304	234,803	173,019	292,753	232,740	434,764	184,009	
				639				23,899	
L6	2,121,168	1,717,355	2,301,448	2,539,045	2,714,403	3,009,704	3,245,229	3,706,977	
L7	1,715,646	2,298,659	2,536,251	2,712,064	3,007,155	3,242,444	3,678,993	3,890,988	
L8	1,171,955	1,228,987	1,477,675	1,603,951	1,747,650	1,908,719	2,115,308	2,320,798	
L9	1,769	1,788	2,155	2,338	2,549	2,785	3,085	3,384	
L10	1,717,355	2,301,448	2,536,406	2,714,403	3,009,704	3,245,229	3,683,076	3,894,370	
				639				23,899	
<b>Revised Adjustment to Revenue</b>									
	188,406	818,619	489,828	434,523	533,759	485,812	663,994	425,168	
	188,390	818,602	489,823	434,523	533,759	485,812	663,994	425,168	
	17	17	3					639	

REVENUE BALANCING ACCOUNT - REVENUE TRACKER

AS PREVIOUSLY STATED

	May-14	Jun-14	Jul-14	Aug-14	Sept-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
L1 Monthly Target Revenue	10,496,602	11,050,888	11,518,376	11,687,191	10,830,130	11,401,504	10,635,343	10,557,429	10,765,201	9,544,539	10,752,215	10,232,785
L2 Recorded Adjusted Revenue	10,112,790	10,228,912	10,860,185	11,006,364	10,430,754	10,940,596	10,209,893	10,185,837	9,939,745	9,434,237	10,198,183	10,180,422
L3 Target vs. Actual Revenue	383,812	821,976	658,191	680,827	399,376	460,908	425,450	371,592	825,456	110,302	554,032	52,363
L4 Reversal of Previous Year Accrual	(443,005)	(739,833)	(803,716)	(806,393)	(771,042)	(819,165)	(744,615)	(734,758)	(725,533)	(675,641)	(714,876)	(728,434)
L5 Net RBA Change	(59,193)	82,143	(145,535)	(125,566)	(371,666)	(358,257)	(318,965)	(363,166)	99,923	(565,339)	(160,844)	(678,071)
L6 Beginning RBA Balance	8,411,498	8,357,638	8,443,178	8,302,970	8,182,558	7,815,981	7,462,594	6,785,100	6,893,808	6,332,676	6,172,032	5,195,011
L7 End Balance Before Interest	8,352,305	8,439,781	8,297,643	8,177,404	7,810,892	7,457,724	7,143,619	6,785,100	6,889,456	6,328,469	6,172,032	5,195,940
L8 Balance Subject to Interest	5,120,503	5,130,772	5,113,484	5,033,930	4,885,199	4,665,353	4,461,465	4,255,947	4,178,247	4,038,744	3,819,563	3,568,419
L9 Interest	5,334	5,345	5,327	5,244	5,089	4,860	4,647	4,433	4,207	4,007	3,879	3,715
L10 Ending RBA Balance	8,357,638	8,445,126	8,302,970	8,162,648	7,815,981	7,462,584	7,148,266	6,789,533	6,893,808	6,332,676	6,176,011	5,503,655

Target vs Actual Difference:  
 Targeted Adjusted Revenues - Unadjusted

Billing Adjustments	(463)	10,228,912	10,860,185	11,006,364	10,430,754	10,940,596	10,209,893	10,185,837	9,939,745	9,434,237	10,198,183	10,180,422
Revised Revenues	10,112,327	10,228,303	10,859,563	11,005,640	10,429,917	10,939,706	10,208,781	10,184,955	9,938,856	9,433,325	10,197,271	10,179,511
Target	10,496,602	11,050,888	11,518,376	11,687,191	10,830,130	11,401,504	10,635,343	10,557,429	10,765,201	9,544,539	10,752,215	10,232,785
	384,275	822,585	658,813	681,551	400,213	461,798	426,562	372,474	826,345	111,214	554,944	53,274

AS REVISED

	May-14	Jun-14	Jul-14	Aug-14	Sept-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
L1 Monthly Target Revenue	10,496,602	11,050,888	11,518,376	11,687,191	10,830,130	11,401,504	10,635,343	10,557,429	10,765,201	9,544,539	10,752,215	10,232,785
L2 Recorded Adjusted Revenue	10,112,327	10,228,303	10,859,563	11,005,640	10,429,917	10,939,706	10,208,781	10,184,955	9,938,856	9,433,325	10,197,271	10,179,511
L3 Target vs. Actual Revenue	384,275	822,585	658,813	681,551	400,213	461,798	426,562	372,474	826,345	111,214	554,944	53,274
L4 Reversal of Previous Year Accrual	(443,005)	(739,833)	(803,716)	(806,393)	(771,042)	(819,165)	(744,615)	(734,758)	(725,533)	(675,641)	(714,876)	(728,434)
L5 Net RBA Change	(58,730)	82,143	(144,903)	(124,842)	(370,829)	(357,367)	(318,965)	(363,284)	100,812	(564,427)	(159,732)	(675,160)
L6 Beginning RBA Balance	(41,405)	(102,019)	(25,753)	(173,796)	(645,962)	(959,456)	(999,769)	(1,283,416)	(1,653,023)	(1,560,224)	(2,133,863)	(2,394,664)
L7 End Balance Before Interest	(100,135)	(19,267)	(170,656)	(298,638)	(664,346)	(1,003,328)	(1,277,822)	(1,645,700)	(1,552,211)	(2,124,651)	(2,293,595)	(2,978,824)
L8 Balance Subject to Interest	(70,770)	(60,643)	(98,205)	(236,217)	(479,931)	(824,645)	(1,118,796)	(1,464,558)	(1,602,617)	(1,842,438)	(2,213,729)	(2,642,244)
L9 Interest	(1,884)	(4,539)	(3,140)	5,211	19,383	43,560	(5,594)	(7,323)	(8,013)	(9,212)	(11,069)	(13,211)
L10 Ending RBA Balance	(102,019)	(23,805)	(173,796)	(293,427)	(645,962)	(959,456)	(1,283,416)	(1,653,023)	(1,560,224)	(2,133,863)	(2,304,664)	(2,993,035)

Revised Adjustment to Revenue  
 RBA Adjustment Recorded to Revenue  
 Adjustment to Revenue

	384,275	822,585	658,813	681,551	400,213	461,798	426,562	372,474	826,345	111,214	554,944	53,274
	383,812	821,976	658,181	680,827	399,376	460,908	425,650	371,592	825,456	110,302	554,032	52,363
	463	610	631	723	837	890	912	882	890	912	912	912

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)

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 J to G rate change that were processed in December 2016. During the regular review control performed by Billing, it was determined that a Schedule P customer was billed under an incorrect rate schedule based on recent kWh usage. 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.

1.636929121

MECO-WP-B-003  
MAUI ELECTRIC COMPANY, LTD.  
DEC 2016 ADJUSTMENT - CUSTOMER BILLING ADJUSTMENTS DUE TO J TO G RATE CHANGE

REVENUE BALANCING ACCOUNT - REVENUE TRACKER

AS PREVIOUSLY STATED

	May-15	June-15	July-15	Aug-15	Sept-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
Monthly Target Revenue	10,882,073	10,983,823	11,643,338	11,812,879	10,947,692	11,525,358	10,751,059	10,671,531	10,882,147	9,648,161	10,869,039	10,343,808
Recorded Adjusted Revenue	10,207,977	10,237,283	11,423,249	11,708,274	11,065,359	11,009,673	10,771,707	10,471,833	10,520,008	9,960,137	10,598,661	10,344,812
Target vs. Actual Revenue	674,196	756,540	220,089	104,605	(117,667)	515,685	(20,648)	199,698	362,139	(311,976)	270,378	(1,004)
Reversal of Previous Year Accrual	(715,196)	(463,870)	(663,323)	(681,384)	(653,422)	(635,852)	(618,469)	(594,904)	(600,129)	(535,010)	(579,183)	(570,792)
Net RBA Change	(41,000)	282,670	(443,234)	(576,779)	(771,089)	(120,167)	(639,117)	(395,206)	(237,990)	(866,986)	(308,805)	(571,796)
Beginning RBA Balance	5,503,655	5,466,144	5,762,385	5,322,677	4,749,102	3,980,790	3,863,118	3,226,256	2,834,977	2,596,714	1,731,105	1,423,303
End Balance Before Interest	3,349,659	3,428,663	3,394,855	3,075,446	2,665,697	2,395,160	2,164,761	1,850,204	1,657,972	1,321,512	963,207	694,841
Interest	3,489	3,572	3,526	3,204	2,777	2,485	2,255	1,927	1,727	1,377	1,003	724
L8 (L6 + L7) + 2 or (L6 + L7) + 2 + [1]												
L9 L8 x 1.25% + 12												
L10 L7 + L9												
Ending RBA Balance	5,466,144	5,762,385	5,322,677	4,749,102	3,980,790	3,863,118	3,226,256	2,832,977	2,596,714	1,731,105	1,423,303	852,230

Target vs Actual Difference:  
Recorded Adjusted Revenues - Unadjusted  
Billing Adjustments: Customer 1

Target	10,207,977	10,237,283	11,423,249	11,708,274	11,065,359	11,009,673	10,771,707	10,471,833	10,520,008	9,960,137	10,598,661	10,344,812
Revised Revenues	(783)	(783)	(783)	(650)	(689)	(891)	(782)	(762)	(689)	(763)	(763)	(763)
Target	10,882,073	10,983,823	11,643,338	11,812,879	10,947,692	11,525,358	10,770,915	10,471,072	10,519,139	9,959,374	10,597,898	10,344,075
Target	674,979	757,323	220,872	105,456	(116,798)	516,576	(19,856)	200,459	363,008	(311,213)	271,141	(287)

AS REVISED

	May-15	June-15	July-15	Aug-15	Sept-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
Monthly Target Revenue	10,882,073	10,983,823	11,643,338	11,812,879	10,947,692	11,525,358	10,751,059	10,671,531	10,882,147	9,648,161	10,869,039	10,343,808
Recorded Adjusted Revenue	10,207,977	10,237,283	11,423,249	11,708,274	11,065,359	11,009,673	10,771,707	10,471,833	10,520,008	9,960,137	10,598,661	10,344,812
Target vs. Actual Revenue	674,196	756,540	220,089	104,605	(117,667)	515,685	(20,648)	199,698	362,139	(311,976)	270,378	(1,004)
Reversal of Previous Year Accrual	(715,196)	(463,870)	(663,323)	(681,384)	(653,422)	(635,852)	(618,469)	(594,904)	(600,129)	(535,010)	(579,183)	(570,792)
Net RBA Change	(40,217)	283,453	(442,451)	(575,828)	(770,220)	(119,276)	(638,325)	(394,445)	(237,121)	(866,223)	(308,042)	(571,059)
Beginning RBA Balance	(2,993,035)	(3,046,318)	(2,769,373)	(3,226,777)	(3,820,279)	(4,611,526)	(4,754,159)	(5,184,392)	(5,353,350)	(5,360,857)	(5,967,766)	(6,306,438)
End Balance Before Interest	(3,033,252)	(2,784,865)	(3,211,824)	(3,226,777)	(4,590,499)	(4,730,802)	(5,392,484)	(5,578,837)	(5,590,471)	(6,217,080)	(6,275,829)	(6,877,497)
L8 (L6 + L7) + 2 or (L6 + L7) + 2 + [1]	(3,013,144)	(2,901,561)	(2,990,598)	(3,514,741)	(4,205,369)	(4,671,164)	(5,073,322)	(5,381,614)	(5,471,911)	(5,783,968)	(6,121,810)	(6,591,967)
Interest	(15,066)	(14,508)	(14,953)	(17,574)	(21,027)	(23,356)	208,092	225,487	239,815	249,284	(30,609)	(32,960)
L9 L8 x 1.25% + 12												
L10 L7 + L9												
Ending RBA Balance	(3,046,318)	(2,769,373)	(3,226,777)	(3,820,279)	(4,611,526)	(4,754,158)	(5,184,392)	(5,353,350)	(5,350,857)	(5,967,788)	(6,306,438)	(6,910,457)

Revised Adjustment to Revenue  
RBA Adjustment Recorded to Revenue  
Adjustment to Revenue

Revised Adjustment to Revenue	674,979	757,323	220,872	105,456	(116,798)	516,576	(19,856)	200,459	363,008	(311,213)	271,141	(287)
RBA Adjustment Recorded to Revenue	674,196	756,540	220,089	104,605	(117,667)	515,685	(20,648)	199,698	362,139	(311,976)	270,378	(1,004)
Adjustment to Revenue	783	783	783	850	869	891	782	782	869	763	763	736

MECO-WP-B-003  
MAUI ELECTRIC COMPANY, LTD.  
DEC 2016 ADJUSTMENT - CUSTOMER BILLING ADJUSTMENTS DUE TO J TO G RATE CHANGE

REVENUE BALANCING ACCOUNT - REVENUE TRACKER

AS PREVIOUSLY STATED

	May-16	June-16	July-16	Aug-16	Sept-16	Oct-16	Nov-16	Dec-16
L1	11,000,128	11,384,749	11,866,360	12,040,275	11,157,321	11,745,957	10,956,650	10,876,381
L2	10,811,738	10,566,147	11,376,537	11,605,752	10,623,562	11,260,145	10,292,656	10,451,215
L3	188,390	818,602	489,823	434,523	533,759	485,812	663,994	425,166
L4	(593,929)	(236,315)	(255,023)	(261,504)	(241,006)	(253,072)	(229,230)	(241,157)
L5	(405,539)	582,287	234,800	173,019	282,753	232,740	434,764	184,009
L6	852,230	447,104	1,029,861	1,266,030	1,439,909	1,733,671	1,967,588	2,427,641
L7	446,691	1,029,391	1,264,661	1,439,049	1,732,662	1,968,411	2,402,352	2,611,650
L8	396,755	450,965	700,862	826,861	969,062	1,130,190	1,334,798	1,539,251
L9	413	470	730	861	1,009	1,177	1,390	1,603
L10	447,104	1,029,861	1,265,391	1,439,909	1,733,671	1,967,588	2,403,742	2,613,254

Total Billing  
Adjustment

Target vs Actual Difference:	10,811,738	10,566,147	11,376,537	11,605,752	10,623,562	11,260,145	10,292,656	10,451,215
Billing Adjustments: Customer 1	(795)	(892)	(869)	(783)	(782)	(290)	(280)	-
Revised Revenues	10,810,943	10,565,256	11,375,668	11,604,969	10,622,781	11,259,855	10,292,376	10,451,215
Target	11,000,128	11,384,749	11,866,360	12,040,275	11,157,321	11,745,957	10,956,650	10,876,381
	189,185	818,493	490,692	435,306	534,540	486,092	664,274	425,166

AS REVISED

	May-16	June-16	July-16	Aug-16	Sept-16	Oct-16	Nov-16	Dec-16
L1	11,000,128	11,384,749	11,866,360	12,040,275	11,157,321	11,745,957	10,956,650	10,876,381
L2	10,810,943	10,565,256	11,375,668	11,604,969	10,622,781	11,259,855	10,292,376	10,451,215
L3	189,185	819,493	490,692	435,306	534,540	486,092	664,274	425,166
L4	(593,929)	(236,315)	(255,023)	(261,504)	(241,006)	(253,072)	(229,230)	(241,157)
L5	(404,744)	583,178	235,669	173,802	293,534	233,020	435,044	184,009
L6	(6,910,457)	(7,350,765)	(6,802,882)	(6,458,761)	(6,599,998)	(6,458,761)	(5,994,167)	(5,964,107)
L7	(7,315,201)	(6,767,587)	(6,567,213)	(6,426,197)	(6,165,227)	(5,963,766)	(5,559,123)	(5,380,098)
L8	(7,112,829)	(7,059,178)	(6,685,047)	(6,513,098)	(6,311,994)	(6,080,278)	(5,776,645)	(5,472,103)
L9	(35,584)	(35,296)	(33,425)	(32,565)	(31,560)	(30,401)	(28,883)	(27,361)
L10	(7,350,765)	(6,802,882)	(6,600,637)	(6,458,761)	(6,196,786)	(5,994,167)	(5,568,006)	(5,407,459)

Total RBA  
Adjustment

Revised Adjustment to Revenue	189,185	819,493	490,692	435,306	534,540	486,092	664,274	425,166
RBA Adjustment: Recorded to Revenue	188,390	818,602	489,823	434,523	533,759	485,812	663,994	425,166
Adjustment to Revenue	795	892	869	783	782	290	280	-

MECO-WP-B-004  
MAUI ELECTRIC COMPANY, LTD.  
FEB 2017 ADJUSTMENT - CUSTOMER BILLING ADJUSTMENTS DUE TO STREETLIGHT REMOVAL

REVENUE BALANCING ACCOUNT - REVENUE TRACKER

	May-12	Jun-12	Jul-12	Aug-12	Sept-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
<b>AS PREVIOUSLY STATED</b>												
L1	8,850,250	11,012,872	11,478,752	11,648,988	10,792,874	11,362,282	10,598,757	10,521,111	10,728,168	9,511,705	10,715,227	10,197,583
L2	8,652,750	10,010,824	10,559,619	10,721,765	9,965,380	10,746,703	10,037,724	10,448,078	10,266,700	9,145,923	10,198,262	10,061,265
L3	237,500	1,002,048	919,133	925,221	827,494	815,579	581,033	75,033	481,468	365,784	516,834	136,318
L4												
L5	237,500	1,002,048	919,133	925,221	827,494	815,579	581,033	75,033	481,468	365,784	516,834	136,318
		(2,641)	(22,822)	(2,198)	(1,007)	(4,005)	906	(10,838)				
<b>Adjustment(s) to Beginning Balance</b>												
L6		235,452	1,241,182	2,168,819	3,104,999	3,950,087	4,585,948	5,167,308	5,270,171	5,759,143	6,143,799	6,692,645
L7	237,500	1,237,500	2,160,315	3,094,040	3,932,431	4,565,666	5,148,981	5,242,341	5,731,639	6,124,927	6,660,633	6,828,963
L8	72,544	449,913	1,038,987	1,607,540	2,149,602	2,601,137	2,972,923	3,179,927	3,360,503	3,629,989	3,911,114	4,130,175
L9	594	28,204	8,504	13,157	17,594	21,289	24,332	26,024	27,505	29,710	32,011	33,804
L10	238,093	1,263,704	2,188,819	3,107,197	3,950,087	4,568,955	5,171,313	5,268,365	5,759,143	6,154,637	6,892,645	7,662,767
		(131)	(137)	(135)	(128)	(128)	(136)	(138)	(136)	(131)	(131)	(132)
<b>Target vs Actual Difference:</b>												
Recorded Adjusted Revenues - Unadjusted												
Billing Adjustments												
Revised Revenues												
Target:												

	May-12	Jun-12	Jul-12	Aug-12	Sept-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
<b>AS REVISED</b>												
L1	8,890,250	11,012,872	11,478,752	11,648,988	10,792,874	11,362,282	10,598,757	10,521,111	10,728,168	9,511,705	10,715,227	10,197,583
L2	8,652,619	10,010,667	10,559,484	10,721,637	9,965,254	10,746,575	10,037,568	10,445,940	10,266,564	9,145,792	10,198,262	10,061,133
L3	237,631	1,002,185	919,268	925,349	827,620	815,707	581,169	75,171	481,604	365,915	516,965	136,450
L4												
L5	237,631	1,002,185	919,268	925,349	827,620	815,707	581,169	75,171	481,604	365,915	516,965	136,450
		(2,641)	(22,822)	(2,198)	(1,007)	(4,005)	906	(10,838)				
<b>Adjustment(s) to Beginning Balance</b>												
L6		233,106	1,208,230	2,124,357	3,052,720	3,898,723	4,556,983	5,138,335	5,241,192	5,730,156	6,114,799	6,663,630
L7	237,631	1,235,281	2,127,498	3,049,706	3,880,340	4,514,430	5,118,152	5,213,506	5,702,786	6,096,071	6,631,764	6,800,080
L8	118,815	734,198	1,667,664	2,567,032	3,460,530	4,206,577	4,637,568	5,175,921	5,471,984	5,913,114	6,373,281	6,731,855
L9	(1,884)	(4,539)	(3,140)	5,211	18,383	43,560	24,188	25,980	27,360	28,568	31,668	33,659
L10	235,747	1,230,752	2,124,357	3,054,918	3,898,723	4,557,990	5,142,340	5,239,368	5,730,156	6,125,637	6,663,630	6,833,739
		131	135	128	128	128	136	138	138	131	131	132
<b>Revised Adjustment to Revenue</b>												
<b>RBA Adjustment Recorded to Revenue</b>												
<b>Adjustment to Revenue</b>												

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 erroneous billing for two customers for three unmeasured streetlights which were removed. The streetlights were removed in July 1978, however, they were not removed from the billing system. The Company continued to bill the two customers the flat service fee until the error was discovered in January 2017. 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.

MECO-WP-B-004  
MAUI ELECTRIC COMPANY, LTD.  
FEB 2017 ADJUSTMENT - CUSTOMER BILLING ADJUSTMENTS DUE TO STREETLIGHT REMOVAL

REVENUE BALANCING ACCOUNT - REVENUE TRACKER

	May-13	June-13	July-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14
<b>AS PREVIOUSLY STATED</b>												
L1 Monthly Target Revenue	10,844,638	11,277,895	11,754,988	11,273,201	10,997,633	10,997,633	10,259,613	10,183,458	10,383,870	9,206,447	10,371,345	9,870,313
L2 Recorded Adjusted Revenue	10,484,131	10,229,839	10,959,708	10,519,629	9,948,158	10,349,009	9,736,718	10,095,600	9,793,284	9,199,078	9,931,345	9,870,313
L3 Target vs. Actual Revenue	360,507	1,048,056	795,278	753,572	498,341	648,824	521,895	87,858	590,586	7,369	440,000	185,347
L4 Reversal of Previous Year Accrual	-	(430,688)	(460,539)	(469,093)	(439,193)	(501,987)	(399,926)	(455,271)	(432,878)	(401,038)	(426,425)	(416,738)
L5 Net RBA Change	360,507	617,368	334,739	284,479	59,148	146,837	121,969	(387,413)	157,571	(393,808)	13,438	(221,525)
Adjustment(s) to Beginning Balance	70,890	-	-	-	35	32,369	(66,595)	10,843	(9,229)	-	-	-
L6 Beginning RBA Balance	6,862,767	7,329,379	7,984,938	8,360,437	8,687,464	8,622,567	9,013,684	9,112,432	8,760,437	8,982,304	8,643,068	8,665,517
L7 End Balance Before Interest	7,223,274	7,946,747	8,319,675	8,644,916	8,746,612	8,969,204	9,135,653	8,745,019	8,938,008	8,588,488	8,656,508	8,443,982
L8 (LB + L7) + 2 or (LB + L7) + 2 - (1)	4,302,581	4,686,093	4,960,243	5,194,285	5,325,238	5,434,496	5,543,715	5,454,558	5,412,089	5,367,001	5,284,155	5,228,100
L9 LB x 1.25% + 12	35,215	38,190	40,762	42,513	43,565	44,479	45,373	44,644	44,296	43,927	9,010	8,911
L10 L7 + L9	7,258,489	7,984,938	8,360,437	8,687,429	8,790,198	9,013,684	9,181,027	8,789,663	8,982,304	8,632,425	8,665,517	8,452,903
Target vs Actual Difference:	10,484,131	10,229,839	10,959,708	10,519,629	9,948,158	10,349,009	9,736,718	10,095,600	9,793,284	9,199,078	9,931,345	9,870,313
Recorded Adjusted Revenues - Unadjusted	(132)	(131)	(129)	(133)	(135)	(137)	(138)	(137)	(136)	(137)	(137)	(136)
Billing Adjustments	10,483,899	10,229,708	10,959,579	10,519,496	9,948,023	10,348,872	9,736,580	10,095,463	9,793,148	9,198,941	9,930,208	9,869,977
Revised Revenues	10,844,638	11,277,895	11,754,988	11,273,201	10,446,499	10,997,633	10,258,613	10,183,458	10,383,870	9,206,447	10,371,345	9,870,313
Target	360,639	1,048,187	795,407	753,705	498,476	648,761	522,033	87,995	590,586	7,369	440,000	185,347
Net RBA Change	360,639	617,499	334,868	284,812	59,283	146,774	122,107	(387,276)	157,707	(393,669)	13,575	(221,389)
Adjustment(s) to Beginning Balance	70,890	-	-	-	35	32,369	(66,595)	10,843	(9,229)	-	-	-
L6 Beginning RBA Balance	6,633,739	7,300,338	7,955,882	8,331,367	8,658,382	8,793,474	9,084,582	9,246,188	8,985,171	9,492,493	9,358,761	9,419,183
L7 End Balance Before Interest	7,194,378	7,917,837	8,290,750	8,615,979	8,717,665	8,940,248	9,106,889	8,878,910	9,252,878	9,098,824	9,372,335	9,197,774
L8 (LB + L7) + 2 or (LB + L7) + 2 - (1)	7,014,058	7,609,088	8,123,316	8,473,870	8,688,023	8,866,861	9,045,635	8,682,548	9,174,025	8,285,658	9,365,548	9,308,468
L9 LB x 1.25% + 12	35,070	38,045	40,817	42,368	43,440	44,334	209,092	225,487	239,615	249,294	46,828	46,542
L10 L7 + L9	7,229,448	7,955,882	8,331,367	8,658,347	8,761,105	8,984,582	9,314,781	9,104,397	9,492,493	9,348,118	9,419,163	9,244,316
Revised Adjustment to Revenue	360,639	1,048,187	795,407	753,705	498,476	648,761	522,033	87,995	590,586	7,369	440,000	185,347
RBA Adjustment Recorded to Revenue	360,507	1,048,056	795,278	753,572	498,341	648,624	521,895	87,858	590,450	7,232	439,883	185,211
Adjustment to Revenue	132	131	129	133	135	137	138	137	136	137	137	138

AS REVISED

MECO-WP-B-004  
MAUI ELECTRIC COMPANY, L.T.D.  
FEB 2017 ADJUSTMENT - CUSTOMER BILLING ADJUSTMENTS DUE TO STREETLIGHT REMOVAL

REVENUE BALANCING ACCOUNT - REVENUE TRACKER

AS PREVIOUSLY STATED	May-14	Jun-14	Jul-14	Aug-14	Sept-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
L1	10,496,602	11,050,888	11,518,378	11,687,191	10,830,130	11,401,504	10,635,343	10,557,429	10,765,201	9,544,539	10,752,215	10,232,785
L2	10,112,790	10,228,912	10,860,195	11,006,364	10,430,754	10,940,596	10,209,693	10,185,837	9,839,745	9,434,237	10,188,183	10,180,422
L3	383,812	821,976	658,181	680,827	399,378	460,908	425,650	371,592	825,456	110,302	554,032	52,363
L4	(443,005)	(739,833)	(803,716)	(806,393)	(771,042)	(819,165)	(744,615)	(734,758)	(725,533)	(875,641)	(714,676)	(728,434)
L5	(59,193)	82,143	(145,535)	(125,566)	(371,668)	(358,257)	(318,965)	(363,166)	99,923	(565,339)	(160,644)	(676,071)

Adjustment(s) to Beginning Balance	(1,948)	(1,948)	(1,948)	(1,948)	(1,948)	(1,948)	(1,948)	(1,948)	(1,948)	(1,948)	(1,948)	(1,948)
L6	8,411,488	8,357,638	8,443,178	8,302,970	8,182,558	7,815,081	7,462,584	7,148,268	6,789,533	6,893,808	6,332,676	6,176,011
L7	8,352,305	8,439,781	8,297,643	8,171,404	7,810,892	7,457,724	7,143,619	6,785,100	6,889,458	6,328,469	6,172,032	5,999,940
L8	5,120,503	5,130,772	5,113,483	5,033,929	4,885,198	4,665,352	4,481,465	4,255,947	4,178,247	4,038,744	3,819,563	3,566,419
L9	5,334	5,345	5,327	5,244	5,089	4,960	4,847	4,433	4,352	4,207	3,979	3,715
L10	8,357,638	8,445,128	8,302,970	8,182,648	7,815,081	7,462,584	7,148,268	6,789,533	6,893,808	6,332,676	6,176,011	5,903,855

Target vs Actual Difference:	10,112,790	10,228,912	10,860,195	11,006,364	10,430,754	10,940,596	10,209,693	10,185,837	9,839,745	9,434,237	10,188,183	10,180,422
Recorded Adjusted Revenues - Unadjusted	(137)	(138)	(138)	(137)	(136)	(136)	(137)	(134)	(141)	(134)	(123)	(122)
Billing Adjustments	10,112,653	10,228,774	10,860,056	11,006,226	10,430,617	10,940,460	10,209,556	10,185,696	9,839,604	9,434,104	10,188,060	10,180,300
Revised Revenues	10,496,602	11,050,888	11,518,376	11,687,191	10,830,130	11,401,504	10,635,343	10,557,429	10,765,201	9,544,539	10,752,215	10,232,785
Target	383,949	822,114	658,320	680,865	399,513	461,044	425,787	371,733	825,597	110,435	554,155	52,485

AS REVISED	May-14	Jun-14	Jul-14	Aug-14	Sept-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
L1	10,496,602	11,050,888	11,518,378	11,687,191	10,830,130	11,401,504	10,635,343	10,557,429	10,765,201	9,544,539	10,752,215	10,232,785
L2	10,112,653	10,228,774	10,860,056	11,006,226	10,430,617	10,940,460	10,209,556	10,185,696	9,839,604	9,434,104	10,188,060	10,180,300
L3	383,949	822,114	658,320	680,865	399,513	461,044	425,787	371,733	825,597	110,435	554,155	52,485
L4	(443,005)	(739,833)	(803,716)	(806,393)	(771,042)	(819,165)	(744,615)	(734,758)	(725,533)	(875,641)	(714,676)	(728,434)
L5	(59,056)	82,281	(145,596)	(125,426)	(371,629)	(358,121)	(318,828)	(363,025)	100,064	(565,206)	(160,521)	(675,949)

Adjustment(s) to Beginning Balance	(1,948)	(1,948)	(1,948)	(1,948)	(1,948)	(1,948)	(1,948)	(1,948)	(1,948)	(1,948)	(1,948)	(1,948)
L6	9,202,911	9,189,722	9,316,210	9,217,032	9,137,287	8,810,517	8,495,553	8,218,405	7,895,565	8,035,356	7,508,915	7,385,537
L7	9,143,855	9,272,003	9,170,814	9,091,604	8,765,758	8,452,396	8,176,725	7,855,381	7,995,628	7,470,151	7,348,394	6,709,588
L8	9,173,363	9,230,862	9,243,512	9,154,318	8,951,522	8,631,456	8,338,139	8,038,893	7,945,597	7,752,754	7,428,654	7,047,582
L9	45,867	48,154	46,218	45,772	44,758	43,157	41,681	40,184	39,728	38,764	37,143	35,238
L10	9,189,722	9,318,158	9,217,032	9,137,377	8,810,517	8,495,553	8,218,405	7,895,565	8,035,356	7,508,915	7,385,537	6,744,826

Revised Adjustment to Revenue	383,949	822,114	658,320	680,865	399,513	461,044	425,787	371,733	825,597	110,435	554,155	52,485
RBA Adjustment Recorded to Revenue	383,812	821,976	658,181	680,827	399,376	460,908	425,650	371,592	825,456	110,302	554,032	52,363
Adjustment to Revenue	137	138	138	137	136	136	137	141	141	134	123	122

MECO-WP-B-004  
MAUI ELECTRIC COMPANY, LTD.  
FEB 2017 ADJUSTMENT - CUSTOMER BILLING ADJUSTMENTS DUE TO STREETLIGHT REMOVAL

REVENUE BALANCING ACCOUNT - REVENUE TRACKER

AS PREVIOUSLY STATED	May-15	June-15	July-15	Aug-15	Sept-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
L1 Monthly Target Revenue	10,892,073	10,993,823	11,043,338	11,812,879	10,947,692	11,525,358	10,751,059	10,671,531	10,882,147	9,648,161	10,669,039	10,343,808
L2 Recorded Adjusted Revenue	10,207,877	10,237,283	11,423,249	11,708,274	11,065,359	11,009,873	10,771,707	10,471,833	10,520,008	9,960,137	10,598,545	10,344,812
L3 Target vs. Actual Revenue	674,196	756,540	220,089	104,605	(117,667)	515,885	(20,852)	199,698	362,139	(311,976)	270,378	(1,004)
L4 Reversal of Previous Year Accrual	(715,196)	(463,870)	(663,323)	(681,384)	(653,422)	(835,852)	(618,469)	(594,904)	(600,129)	(555,010)	(578,183)	(570,792)
L5 L4 + L3	(41,000)	292,670	(443,234)	(578,779)	(771,089)	(120,167)	(638,117)	(395,206)	(237,990)	(868,988)	(308,805)	(571,796)

Adjustment(s) to Beginning Balance

L6 Beginning RBA Balance	5,503,655	5,466,144	5,762,986	5,322,878	4,749,103	3,980,791	3,863,120	3,226,258	2,892,978	2,596,714	1,731,105	1,423,303
L7 End Balance Before Interest	5,462,655	5,756,814	5,319,152	4,745,899	3,978,014	3,860,825	3,224,003	2,831,051	2,594,988	1,728,728	1,422,300	851,508
L8 (L6 + L7) + 2 or (L8 + L7) + 2 + (1)	3,349,699	3,428,663	3,364,856	3,075,447	2,665,698	2,395,181	2,164,792	1,850,205	1,657,972	1,321,512	963,208	694,840
L9 L8 x 1.25% + 12	3,489	3,572	3,526	3,204	2,777	2,485	2,255	1,927	1,727	1,377	1,003	724
L10 L7 + L9	5,466,144	5,762,386	5,322,878	4,749,103	3,980,791	3,863,120	3,226,258	2,832,978	2,596,714	1,731,105	1,423,303	852,230

Target vs Actual Difference:

Recorded Adjusted Revenues - Unadjusted	10,207,877	10,237,283	11,423,249	11,708,274	11,065,359	11,009,873	10,771,707	10,471,833	10,520,008	9,960,137	10,598,545	10,344,812
Billing Adjustments	(125)	(127)	(131)	(131)	(128)	(124)	(120)	(119)	(119)	(115)	(116)	(118)
Revised Revenues	10,207,753	10,237,156	11,423,118	11,708,142	11,065,231	11,009,549	10,771,587	10,471,715	10,518,890	9,960,022	10,598,545	10,344,694
Target	10,892,073	10,993,823	11,043,338	11,812,879	10,947,692	11,525,358	10,751,059	10,671,531	10,882,147	9,648,161	10,669,039	10,343,808
	674,320	756,667	220,220	104,737	(117,539)	515,809	(20,526)	199,816	362,257	(311,861)	270,494	(886)

AS REVISIED

	May-15	June-15	July-15	Aug-15	Sept-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
L1 Monthly Target Revenue	10,892,073	10,993,823	11,043,338	11,812,879	10,947,692	11,525,358	10,751,059	10,671,531	10,882,147	9,648,161	10,669,039	10,343,808
L2 Recorded Adjusted Revenue	10,207,753	10,237,156	11,423,118	11,708,142	11,065,231	11,009,549	10,771,587	10,471,715	10,519,890	9,960,022	10,598,545	10,344,694
L3 Target vs. Actual Revenue	674,320	756,667	220,220	104,737	(117,539)	515,809	(20,526)	199,816	362,257	(311,861)	270,494	(886)
L4 Reversal of Previous Year Accrual	(715,196)	(463,870)	(663,323)	(681,384)	(653,422)	(835,852)	(618,469)	(594,904)	(600,129)	(555,010)	(578,183)	(570,792)
L5 L4 + L3	(40,876)	292,797	(443,103)	(578,647)	(770,961)	(120,043)	(638,987)	(395,088)	(237,872)	(868,871)	(308,689)	(571,678)

Adjustment(s) to Beginning Balance

L6 Beginning RBA Balance	6,744,826	6,713,756	7,016,557	6,579,508	6,008,465	5,242,514	5,127,088	4,492,374	4,101,112	3,866,789	3,002,977	2,696,629
L7 End Balance Before Interest	6,703,850	7,006,553	6,573,454	6,002,880	5,237,505	5,122,471	4,488,091	4,087,288	3,863,241	2,999,918	2,694,268	2,125,147
L8 (L6 + L7) + 2 or (L8 + L7) + 2 + (1)	6,724,388	6,890,154	4,151,069	3,843,284	3,435,082	3,165,985	2,836,956	2,623,712	2,432,712	2,097,435	1,740,229	1,472,872
L9 L8 x 1.25% + 12	9,808	10,004	6,054	5,605	5,009	4,617	4,283	3,826	3,548	3,059	2,538	2,148
L10 L7 + L9	6,713,756	7,016,557	6,579,508	6,008,465	5,242,514	5,127,088	4,492,374	4,101,112	3,866,789	3,002,977	2,696,826	2,127,285

Revised Adjustment to Revenue  
RBA Adjustment Recorded to Revenue

	674,320	756,667	220,220	104,737	(117,539)	515,809	(20,526)	199,816	362,257	(311,861)	270,494	(886)
	674,196	756,540	220,089	104,605	(117,667)	515,885	(20,648)	199,698	362,139	(311,976)	270,378	(1,004)
	125	127	131	131	128	124	120	119	119	115	116	118

MECO-WP-B-004  
MAUI ELECTRIC COMPANY, LTD.  
FEB 2017 ADJUSTMENT - CUSTOMER BILLING ADJUSTMENTS DUE TO STREETLIGHT REMOVAL

REVENUE BALANCING ACCOUNT - REVENUE TRACKER

AS PREVIOUSLY STATED

	May-16	June-16	July-16	Aug-16	Sept-16	Oct-16	Nov-16	Dec-16	Jan-17
L1	11,000,128	11,384,749	11,866,360	12,040,275	11,157,321	11,745,957	10,956,650	10,876,381	11,090,431
L2	10,811,738	10,566,147	11,376,537	11,605,752	10,623,562	11,260,145	10,292,656	10,451,215	10,316,851
L3	188,390	818,602	489,823	434,523	533,759	485,812	663,984	425,166	773,580
L4	(583,929)	(238,315)	(255,023)	(261,504)	(241,006)	(253,072)	(229,230)	(241,157)	(228,115)
L5	(405,539)	582,287	234,800	173,019	292,753	232,740	434,764	184,009	545,465
				839					23,899
Adjustment(s) to Beginning Balance									
L6	852,230	447,104	1,029,861	1,268,030	1,439,909	1,733,871	1,967,588	2,427,841	2,813,253
L7	448,691	1,029,391	1,232,661	1,439,048	1,732,662	1,968,411	2,402,352	2,611,650	3,158,717
L8	396,756	450,995	700,862	826,268	969,062	1,130,190	1,334,788	1,539,251	1,763,048
L9	413	470	730	861	1,009	1,177	1,390	1,603	1,837
L10	447,104	1,029,861	1,265,391	1,439,909	1,733,871	1,967,588	2,403,742	2,613,253	3,160,554

	May-16	June-16	July-16	Aug-16	Sept-16	Oct-16	Nov-16	Dec-16	Jan-17
Target vs Actual Difference:									
Recorded Adjusted Revenues - Unadjusted	10,811,738	10,566,147	11,376,537	11,605,752	10,623,562	11,260,145	10,292,656	10,451,215	10,316,851
Billing Adjustments	(115)	(118)	(121)	(121)	(120)	(119)	(115)	(115)	(120)
Revised Revenues	10,811,623	10,566,030	11,376,416	11,605,631	10,623,443	11,260,028	10,292,541	10,451,100	10,316,731
Target	11,000,128	11,384,749	11,866,360	12,040,275	11,157,321	11,745,957	10,956,650	10,876,381	11,090,431
	188,505	818,719	489,844	434,644	533,878	485,931	664,109	425,281	773,700

Total Billing Adjustment (7,392)  
Portion of Jan-17 related to 2017 (1/1/17-1/24/17) (93)  
Prior to Dec 2016 (7,269)

AS REVISED

	May-16	June-16	July-16	Aug-16	Sept-16	Oct-16	Nov-16	Dec-16	Jan-17
L1	11,000,128	11,384,749	11,866,360	12,040,275	11,157,321	11,745,957	10,956,650	10,876,381	11,090,431
L2	10,811,623	10,566,030	11,376,416	11,605,631	10,623,443	11,260,028	10,292,541	10,451,100	10,316,731
L3	188,505	818,719	489,844	434,644	533,878	485,931	664,109	425,281	773,700
L4	(583,929)	(238,315)	(255,023)	(261,504)	(241,006)	(253,072)	(229,230)	(241,157)	(228,115)
L5	(405,424)	582,404	234,821	173,140	292,872	232,659	434,879	184,124	545,585
				839					23,899
Adjustment(s) to Beginning Balance									
L6	2,127,295	1,723,587	2,307,786	2,545,507	2,720,992	3,016,419	3,252,069	3,713,937	3,901,453
L7	1,721,872	2,305,891	2,542,707	2,716,647	3,013,864	3,249,278	3,686,947	3,898,062	4,447,037
L8	1,175,728	1,230,834	1,481,583	1,607,938	1,751,712	1,913,857	2,119,522	2,325,085	2,550,046
L9	1,715	1,795	2,161	2,345	2,555	2,791	3,091	3,391	3,719
L10	1,723,587	2,307,788	2,544,668	2,720,992	3,016,419	3,252,069	3,690,038	3,901,453	4,450,756

	May-16	June-16	July-16	Aug-16	Sept-16	Oct-16	Nov-16	Dec-16	Jan-17
Revised Adjustment to Revenue	188,505	818,719	489,844	434,644	533,878	485,931	664,109	425,281	773,700
RBA Adjustment Recorded to Revenue	188,390	818,602	489,823	434,523	533,759	485,812	663,994	425,166	773,580
Adjustment to Revenue	115	118	121	121	120	119	115	115	120

Total RBA Adjustment 7,392  
Portion of Jan-17 related to 2017 (1/1/17-1/24/17) 93  
Prior to Dec 2016 7,269

**DRAFT – PENDING RESPONSE FROM THE CONSUMER ADVOCATE**  
**Treatment of Billing Adjustments Going Forward**

The Hawaiian Electric Companies have agreed to implement the recommendation in the Consumer Advocate's statement of position on Transmittal Nos. 15-03, 15-04 and 15-05 to discontinue the presentation of customer billing adjustments in Schedule B of the decoupling RAM template in the Companies' annual decoupling tariff transmittals and the subsequent analyses by the Consumer Advocate of these adjustments.

In its statement of position, filed on May 15, 2015, the Consumer Advocate stated the following:

Through collaborative discussions with the Hawaiian Electric Companies and after review of information request responses, the Consumer Advocate has concluded and is recommending to the Commission that the extensive manual analyses of out-of-period customer billing adjustments, which [have] historically been undertaken by the Hawaiian Electric Companies, should be discontinued effective in 2015. Examples of customer billing adjustments and the analytic work performed can be observed in the "Adjustment" column of Schedule B, the footnotes on Schedule B and the multiple "WP-B-xx" documents supportive of these entries. Customer billing adjustments may involve movement of individual customers to a more appropriate rate schedule, with retroactive bill credits for applicable prior periods when an inappropriate schedule was employed or the identification and correction of meter reading or other billing errors. At the inception of decoupling, it was necessary to analyze the prior periods affected by such changes to allow only the prior billings months after decoupling inception to impact RBA balances. Now that several years have passed with decoupling in place, there is minimal risk of significant billing adjustments reaching back far enough to precede the inception of decoupling. Moreover, since the Hawaiian Electric Companies do not pay interest to individual customers who are found to have been charged under an inappropriate rate schedule in prior months, it is not necessary to analyze and add RBA interest to such billing corrections. Customer billing adjustments will flow naturally through the billed revenue accounts feeding into the calculation of recorded, adjusted revenues on Schedule B2 and the proposed elimination of the manual analysis of each adjustment to determine prior period months affected will significantly simplify RBA accounting efforts for the Hawaiian Electric Companies and corresponding review efforts for the Consumer Advocate and the Commission. The Hawaiian Electric Companies should continue to report each customer billing adjustment within its standard data responses prepared and submitted with each monthly RBA packet, so that individual adjustments can be selected for review by the Consumer Advocate, as necessary.

In response to the Consumer Advocate's recommendation, Order No. 32866, issued on May 28, 2015, stated the following:

The Consumer Advocate and the HECO Companies agree that accounting for billing adjustments in the RBA could be simplified by changes made on a prospective basis. The commission notes that this matter does not have to be resolved prior to any timely approval of the 2015 transmittals and proposed RBA

Rate Adjustments. The HECO Companies may file proposed implementing RBA tariff amendments based on language reviewed by and agreed to by the Consumer Advocate.

Thus, the Company proposes to delete the provision on billing adjustments in the RBA Provision tariff as shown on Attachment 1. Billing adjustments will not be reflected in the RBA filing prospectively effective upon agreement with the Consumer Advocate.

Regarding the Consumer Advocate's recommendation on reporting, the Companies propose to report customer billing adjustments of \$50,000 or more in the monthly RBA packets, as \$50,000 is the current threshold to trigger interest recalculation.

Maui Electric Company, Ltd.  
Bargaining Unit Wage Increase per Collective Bargaining Agreements  
Effective January 1, 2011 and July 1, 2013

Wage Increases: (non-compounded)	1/1/2011	1.75%	(Note 1)
	1/1/2012	2.50%	(Note 1)
	1/1/2013	3.00%	(Note 1)
	1/1/2014	3.00%	(Note 2)
	1/1/2015	3.00%	(Note 2)
	1/1/2016	3.25%	(Note 2)
	1/1/2017	3.00%	(Note 2)

	<u>Increase effective</u>	<u>Increase Amount</u>	<u>Wage Rate With Increase</u>	<u>Labor Cost Escalation Rate</u>	
		(a)	(b)	(c)	
			prev (b) + (a)	(b) / prev (b) - 1	
1.00	1.75% 1/1/2011	0.0175	1.0175		
	2.50% 1/1/2012	0.0250	1.0425	0.0246	2.46%
	3.00% 1/1/2013	0.0300	1.0725	0.0288	2.88%
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%
	3.00% 1/1/2017	0.0300	1.1225	0.0275	2.75%

(1) Agreement ratified by the IBEW, Local 1260 on March 11, 2011, reflects a 1.75% increase effective 1/1/2011, 2.50% increase effective 1/1/2012, and 3.00% increase effective 1/1/2013.  
See HECO's Form 8-K dated March 11, 2011 filed with Securities and Exchange Commission at [www.hei.com](http://www.hei.com), under SEC filings.

(2) Agreement ratified by the IBEW, Local 1260 on November 1, 2012, reflects a 3.00% increase effective 1/1/2014, 1/1/2015 and 1/1/2017 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 MECO-WP-C-003.

# Blue Chip Economic Indicators<sup>®</sup>

**Top Analysts' Forecasts of the U.S. Economic Outlook for the Year Ahead**  
**Vol. 42, No. 2, February 10, 2017**

## 2017 Real GDP Forecast Unchanged At 2.3% for A Third Month

FEBRUARY 2017 Forecast For 2017 SOURCE:	Percent Change 2017 From 2016 (Full Year-Over-Prior Year)										Average For 2017			Total Units-2017		-2017-
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
	Real GDP (Chained) (2009\$)	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\$)	
Moody's Analytics	2.6 H	1.6 L	4.6	2.8	1.3	2.0	3.2 H	3.6	3.6	0.6 L	2.9	4.7	1.41	17.5	-672.6 L	
Naroff Economic Advisors*	2.6 H	2.5 H	5.0 H	2.7	2.0	2.1	2.7	4.5 H	6.7	1.0	2.8	4.5	1.33	17.4	-651.0	
RBC Capital Markets	2.6 H	1.8	4.4	2.1 L	na	na	2.7	2.7	na	na	2.6	4.4 L	1.23	17.5	-603.0	
SOM Economics, Inc.	2.6 H	2.1	4.7	2.2	1.6	2.2	2.6	2.8	6.0	0.7	2.7	4.5	1.26	17.6	-586.0	
Turning Points (Micrometrics)	2.6 H	2.2	4.8	2.8	1.4	2.2	2.7	2.8	8.7	0.7	2.7	4.9	1.22	18.0	-526.1 H	
ACT Research	2.5	2.1	4.7	2.5	1.3	2.2	2.6	4.5 H	na	1.0	2.6	4.4 L	1.29	17.3	-652.4	
AIG	2.5	1.9	4.5	2.6	1.5	2.3	2.9	3.4	7.0	0.7	2.5	4.6	1.23	17.5	-613.8	
Amherst Pierpont Securities	2.5	2.1	4.6	2.9 H	1.2	2.3	2.7	3.1	6.0	1.1	2.9	4.6	1.28	17.4	-616.0	
Econoclast	2.5	2.1	4.6	2.5	1.8	2.4	2.8	3.0	5.1	0.8	2.8	4.6	1.29	17.3	-625.0	
MUFG Union Bank	2.5	1.9	4.4	2.9 H	2.1	na	2.7	4.0	7.0	1.0	2.7	4.6	1.35	17.7	-590.0	
Wells Capital Management	2.5	1.9	4.4	2.2	1.9	2.4	3.0	3.2	3.6	0.8	2.7	4.6	1.18	17.4	-634.0	
Action Economics	2.4	2.0	4.4	2.6	1.5	2.2	2.6	3.3	7.6	0.8	2.6	4.7	1.27	17.8	-621.3	
BMO Capital Markets*	2.4	1.9	4.4	2.7	1.7	2.3	2.9	2.7	6.3	0.7	2.6	4.4 L	1.32	17.2	-635.3	
Comerica*	2.4	1.9	4.4	2.6	0.9	1.9 L	2.2 L	3.9	na	0.7	2.7	4.7	1.23	17.2	-605.0	
High Frequency Economics	2.4	2.3	4.8	2.6	1.6	2.3	2.7	3.6	3.0	1.0	2.7	4.5	1.23	17.7	-616.3	
Inform - Univ. of Maryland	2.4	2.0	4.4	2.4	1.5	2.4	2.6	2.7	4.8	0.9	2.7	4.7	1.31	17.4	-596.0	
National Assn. of Home Builders	2.4	2.1	4.6	2.3	0.9	2.0	2.7	3.1	na	0.8	2.7	4.7	1.24	17.5	-615.0	
PNC Financial Services Group	2.4	2.0	4.5	2.3	1.8	2.7	2.7	2.3	na	0.8	2.7	4.5	1.20	17.5	-580.0	
Standard & Poors Corp.*	2.4	2.2	4.7	2.4	2.6	2.1	2.5	3.2	3.6	0.7	2.5	4.6	1.29	17.5	-548.1	
UBS	2.4	1.9	4.3	2.3	1.2	3.1	2.7	3.2	na	1.0	na	4.6	1.30	na	-634.0	
UCLA Business Forecasting Proj.*	2.4	2.3	5.0 H	2.5	0.8	3.9 H	3.0	4.2	5.0	1.6 H	2.7	4.7	1.21	17.4	-633.7	
BNP Paribas North America	2.3	1.9	4.2	2.4	4.5 H	na	2.5	3.0	na	0.7	2.8	4.6	na	na	-643.0	
Conference Board*	2.3	2.0	4.4	2.6	-1.0 L	2.1	2.6	2.8	2.6	0.9	2.6	4.6	1.28	17.2	-630.4	
Credit Suisse	2.3	1.9	4.2	2.2	1.2	na	2.3	2.7	na	na	2.8	4.6	na	na	-603.7	
Daiwa Capital Markets America	2.3	2.0	4.3	2.4	1.7	2.1	2.6	3.3	2.9	1.0	2.8	4.7	1.20	17.3	-634.0	
DS Economics	2.3	1.9	4.2	2.4	1.2	2.2	2.7	3.5	6.2	0.7	2.5	4.5	1.30	17.3	-636.0	
Economist Intelligence Unit	2.3	2.0	4.3	2.4	1.7	2.2	2.7	1.9	na	0.7	2.8	4.5	1.27	17.3	-580.0	
FedEx Corporation	2.3	2.0	4.6	2.5	1.5	2.3	2.7	3.0	5.4	0.8	2.6	4.7	1.27	17.6	-624.9	
General Motors	2.3	2.0	4.3	2.6	1.2	2.4	2.6	3.0	5.6	0.8	2.5	4.5	1.30	na	-622.4	
Georgia State University*	2.3	2.1	4.4	2.4	2.0	2.4	2.7	2.7	6.5	0.7	3.1 H	5.0 H	1.13	16.8	-654.9	
IHS Markit Economics	2.3	2.1	4.5	2.4	1.4	2.6	2.8	4.3	8.9	0.9	2.6	4.6	1.24	17.4	-629.6	
Macroeconomic Advisers, LLC**	2.3	1.9	4.2	2.4	1.2	2.2	2.7	3.6	6.3	0.7	2.5	4.5	1.33	17.4	-639.5	
National Assn. of Realtors	2.3	2.0	4.4	2.5	1.4	2.3	2.4	3.6	6.3	0.9	2.7	4.6	1.26	17.4	-610.0	
Point72 Asset Management*	2.3	2.0	4.4	2.6	2.2	2.1	2.4	3.9	4.7	0.9	2.6	4.4 L	1.25	17.6	-620.1	
Societe Generale	2.3	2.0	4.3	2.1 L	na	2.3	2.7	3.5	9.1 H	0.7	2.7	4.6	1.22	17.7	-644.0	
Oxford Economics	2.3	2.0	4.3	2.5	1.2	2.2	2.7	2.9	1.2 L	0.8	2.6	4.6	1.28	17.9	-611.3	
Ford Motor Company*	2.2	1.9	4.1	2.3	0.9	2.1	2.9	3.2	na	na	2.6	4.6	1.32	na	-654.0	
Goldman Sachs & Co.**	2.2	2.2	4.5	2.8	1.2	2.0	2.5	3.3	na	1.3	3.0	4.5	1.28	na	-632.9	
MacroFin Analytics	2.2	2.0	4.2	2.4	1.5	2.2	2.6	2.2	5.9	1.0	2.7	4.6	1.20	17.3	-592.0	
Moody's Capital Markets*	2.2	1.9	4.1	2.2	2.1	1.9 L	2.5	1.5	4.0	0.7	2.5	4.6	1.22	17.4	-607.0	
Nat West Markets	2.2	2.0	4.3	2.4	1.2	1.9 L	2.6	2.6	6.0	0.8	2.6	4.6	1.33	17.0	-625.0	
Regions Financial Corporation	2.2	2.1	4.4	2.6	1.4	2.2	2.5	2.9	2.6	0.8	2.6	4.6	1.19	17.1	-596.1	
Swiss Re	2.2	1.8	4.0	2.5	1.9	2.7	2.7	2.9	6.7	0.7	2.5	4.6	1.27	16.2	-662.2	
U.S. Chamber of Commerce	2.2	1.9	4.1	2.1 L	1.2	2.2	2.6	2.2	4.0	0.9	2.6	4.8	1.26	na	-642.2	
Wells Fargo	2.2	2.1	4.2	2.5	1.5	2.2	2.7	3.4	2.5	0.8	2.5	4.7	1.22	17.1	-653.3	
Bank of America Merrill Lynch	2.1 L	1.9	4.1	2.5	1.3	na	2.6	3.5	na	0.7	2.6	4.6	1.23	17.6	-638.5	
Barclays*	2.1 L	2.1	4.3	2.4	na	na	2.6	1.3 L	na	na	2.3 L	4.6	1.29	na	-610.0	
Eaton Corporation	2.1 L	2.0	4.1	2.5	1.2	2.5	2.7	2.3	na	0.7	2.4	4.9	1.24	17.1	-614.7	
Fannie Mae	2.1 L	1.8	3.9	2.4	1.1	2.2	2.7	2.5	4.9	0.9	2.6	4.6	1.24	17.2	-634.6	
J P Morgan Chase	2.1 L	2.0	4.1	2.5	1.2	2.5	2.5	1.3 L	4.9	na	2.5	4.6	1.25	17.3	-641.9	
Morgan Stanley*	2.1 L	1.7	3.8 L	2.5	2.7	2.4	2.6	3.2	na	0.7	2.6	4.7	1.31	na	-624.1	
Nomura Securities	2.1 L	1.7	3.8 L	2.7	1.4	2.2	2.4	3.4	na	na	2.6	4.7	1.35	17.2	-634.2	
Northern Trust Company*	2.1 L	2.1	4.3	2.4	1.9	na	2.5	2.6	na	0.8	2.8	4.7	1.28	17.5	-561.7	
RDQ Economics	2.1 L	2.0	4.2	2.6	1.3	2.6	2.6	2.9	3.1	1.1	2.8	4.5	1.20	18.0	-644.9	
2017 Consensus: February Avg.	2.3	2.0	4.4	2.5	1.5	2.3	2.7	3.0	5.3	0.8	2.7	4.6	1.26	17.4	-620.5	
Top 10 Avg.	2.6	2.2	4.8	2.8	2.4	2.7	2.9	4.0	7.5	1.1	2.9	4.8	1.34	17.8	-575.6	
Bottom 10 Avg.	2.1	1.8	4.0	2.2	0.8	2.0	2.4	2.0	3.2	0.7	2.5	4.5	1.20	17.0	-653.2	
January Avg.	2.3	2.0	4.4	2.4	1.5	2.4	2.6	2.9	5.0	0.9	2.7	4.6	1.26	17.3	-599.0	
Historical data	2013	1.7	1.6	3.3	1.5	1.9	-1.4	1.5	3.5	0.1	2.4	7.4	0.92	15.5	-404.9	
	2014	2.4	1.8	4.2	1.6	2.9	3.5	2.9	6.0	0.0	2.5	6.2	1.00	16.4	-425.7	
	2015	2.6	1.1	3.7	0.1	0.3	3.5	3.2	2.1	0.1	2.2	5.3	1.11	17.4	-540.0	
	2016	1.6	1.3	2.9	1.3	-1.0	2.7	2.7	-0.4	0.3	1.8	4.9	1.17	17.5	-561.6	
Number Of Forecasts Changed From A Month Ago:																
Down	17	17	26	15	16	20	14	14	10	12	8	7	8	4	41	
Same	31	25	16	20	18	15	19	8	14	32	32	37	32	25	9	
Up	6	12	12	19	16	12	21	32	12	4	13	10	12	16	4	
February Median	2.3	2.0	4.4	2.5	1.4	2.2	2.7	3.1	5.4	0.8	2.6	4.6	1.27	17.4	-625.0	
February Diffusion Index	40 %	45 %	37 %	54 %	50 %	41 %	56 %	67 %	53 %	42 %	55 %	53 %	54 %	63 %	16 %	

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

MAUI ELECTRIC COMPANY, LIMITED

MECO-WP-C-003

EXHIBIT A

PAGE 1 OF 1

3% 3.25% 3.00%

3% (2.91%) (3.07%) (2.75%)

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
CL6	METER READER												
	1st 3 mos.	20.83	$\times 1.03 = 21.45$	$\times 1.0291 = 22.07$	$\times 1.0307 = 22.75$	$\times 1.0275 = 23.37$							
	Next 3 mos.	21.84	22.50	23.16	23.87	24.53							
	Next 6 mos.	24.06	24.78	25.50	26.28	27.00							
	Next 6 mos.	25.26	26.02	26.78	27.60	28.36							
	Next 6 mos.	26.47	27.26	28.05	28.91	29.70							
	Thereafter	27.81	28.64	29.47	30.37	31.20							
CL9	ACCOUNTS CLERK												
	1st 3 mos.	22.42	23.09	23.76	24.49	25.16							
	Next 3 mos.	23.50	24.21	24.92	25.68	26.39							
	Next 3 mos.	24.65	25.39	26.13	26.93	27.67							
	Next 6 mos.	25.86	26.64	27.42	28.26	29.04							
	Next 6 mos.	27.17	27.99	28.81	29.69	30.51							
	Thereafter	28.51	29.37	30.23	31.16	32.02							
CL06	DISTRIBUTION DIVISION CLERK												
	1st 3 mos.	23.50	24.21	24.92	25.68	26.39							
	Next 3 mos.	24.65	25.39	26.13	26.93	27.67							
	Next 6 mos.	25.86	26.64	27.42	28.26	29.04							
	Next 6 mos.	27.17	27.99	28.81	29.69	30.51							
	Thereafter	28.51	29.37	30.23	31.16	32.02							
T6	STORES ATTENDANT												
T54	WAREHOUSE ATTENDANT												
	1st 12 mos.	23.44	24.14	24.84	25.60	26.30							
	Next 12 mos.	26.38	27.17	27.96	28.82	29.61							
	Next 12 mos.	28.64	29.50	30.36	31.29	32.15							
	Thereafter	30.80	31.72	32.64	33.64	34.56							
T26	(S) OPERATOR HELPER (KAHULUI)												
T47	(S) OPERATOR HELPER (MAALAEA)												
T104	(S) OPERATOR HELPER (LANAI)												
T129	(S) OPERATOR HELPER (MOLOKAI)												
	1st 12 mos.	23.44	24.14	24.84	25.60	26.30							
	Next 12 mos.	28.64	29.50	30.36	31.29	32.15							
	Thereafter	30.80	31.72	32.64	33.64	34.56							
C45	PLANT AIDE												
	1st 3 mos.	25.65	26.42	27.19	28.02	28.79							
	Next 3 mos.	26.93	27.74	28.55	29.43	30.24							
	Next 6 mos.	28.27	29.12	29.97	30.89	31.74							
	Next 6 mos.	29.71	30.60	31.49	32.46	33.35							
	Thereafter	31.19	32.13	33.07	34.08	35.02							
C202	METER READER/COLLECTOR (MOLOKAI)												
	1st 9 mos.	28.06	28.90	29.74	30.65	31.49							
	Next 9 mos.	29.61	30.50	31.39	32.35	33.24							
	Thereafter	31.19	32.13	33.07	34.08	35.02							
T27	(S) SR OPERATOR HELPER (KAHULUI)												
T48	(S) SR OPERATOR HELPER (MAALAEA)												
		31.19	32.13	33.07	34.08	35.02							
C209	ELECTRIC FACILITIES MANAGEMENT SYSTEM (EFMS) TECHNICIAN												
	1st 6 mos.	25.54	26.31	27.08	27.91	28.68							
	Next 6 mos.	27.13	27.94	28.75	29.63	30.44							
	Next 6 mos.	28.71	29.57	30.43	31.36	32.22							
	Next 6 mos.	30.30	31.21	32.12	33.10	34.01							
	Thereafter	31.92	32.88	33.84	34.88	35.84							
C27	JR CUSTOMER PLANNER												
	1st 9 mos.	28.71	29.57	30.43	31.36	32.22							
	Next 6 mos.	30.30	31.21	32.12	33.10	34.01							
	Thereafter	31.92	32.88	33.84	34.88	35.84							
C35	SR CUSTOMER CLERK												
C205	CUSTOMER FIELD REPRESENTATIVE												
	1st 3 mos.	24.60	$\times 1.03 = 25.34$	26.08	26.88	27.62							
	Next 3 mos.	26.22	27.01	27.80	28.65	29.44							
	Next 3 mos.	27.89	28.73	29.57	30.48	31.32							
	Next 6 mos.	29.50	30.39	31.28	32.24	33.13							
	Next 6 mos.	31.16	32.09	33.02	34.03	34.96							
	Thereafter	32.81	33.79	34.77	35.84	36.82							

**Maui Electric Company, Limited**  
**CIS in 2017 RAM Calculations**  
**Summary**  
(\$ in 000's)

Line	Description (Note 1)	Rate Base	Rate Base	
		CIS	CIS	
		Deferred Costs	2017	Deferred Costs
		Recoverable	Amortization	Recoverable
		at 12/31/16	(12 months)	at 12/31/17
		(Note 2)	(Note 3)	
1	CIS Deferred Cost	\$ 5,082	(606)	\$ 4,476
2	CIS Deferred O&M Reclass	398	(47)	350
3	Carrying charges	326	(38)	288
4	Write-Off	(3,844)	458	(3,386)
5 = sum 1 - 4	CIS deferred costs recoverable	1,962	(233)	1,729

- (1) See 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").
- (2) See Transmittal No. 16-03 (Decoupling) - Maui Electric's RBA Provision Tariff Filing, MECO-WP-D1-001, filed on March 31, 2016.
- (3) Amortized over 12 years, per Exhibit 1, page 2 of 3, footnote 2 of the 2013 Stipulation referenced in note (1) above. Refer to CIS Amortization schedule included in pages 2 to 4 of this workpaper.

**Maui Electric Company, Limited  
CIS in 2017 RAM Calculations  
CIS Amortization Schedule**

		CIS Final Cost - Amortization (Rate Base Impact)	Rounded (\$ in 000's)	
Amort. Period		144 months		
Reg Asset Balance				
Bal. 5/2013		<u>2,797,191</u>		
1	Jun-13	(19,424.94)	2,777,766.06	
2	Jul-13	(19,424.94)	2,758,341.13	
3	Aug-13	(19,424.94)	2,738,916.19	
4	Sep-13	(19,424.94)	2,719,491.25	
5	Oct-13	(19,424.94)	2,700,066.31	
6	Nov-13	(19,424.94)	2,680,641.38	
7	Dec-13	(19,424.94)	2,661,216.44	2,661
8	Jan-14	(19,424.94)	2,641,791.50	
9	Feb-14	(19,424.94)	2,622,366.56	
10	Mar-14	(19,424.94)	2,602,941.63	
11	Apr-14	(19,424.94)	2,583,516.69	
12	May-14	(19,424.94)	2,564,091.75	
13	Jun-14	(19,424.94)	2,544,666.81	
14	Jul-14	(19,424.94)	2,525,241.88	
15	Aug-14	(19,424.94)	2,505,816.94	
16	Sep-14	(19,424.94)	2,486,392.00	
17	Oct-14	(19,424.94)	2,466,967.06	
18	Nov-14	(19,424.94)	2,447,542.13	
19	Dec-14	(19,424.94)	2,428,117.19	2,428
20	Jan-15	(19,424.94)	2,408,692.25	
21	Feb-15	(19,424.94)	2,389,267.31	
22	Mar-15	(19,424.94)	2,369,842.38	
23	Apr-15	(19,424.94)	2,350,417.44	
24	May-15	(19,424.94)	2,330,992.50	
25	Jun-15	(19,424.94)	2,311,567.56	
26	Jul-15	(19,424.94)	2,292,142.63	
27	Aug-15	(19,424.94)	2,272,717.69	
28	Sep-15	(19,424.94)	2,253,292.75	
29	Oct-15	(19,424.94)	2,233,867.81	
30	Nov-15	(19,424.94)	2,214,442.88	
31	Dec-15	(19,424.94)	2,195,017.94	2,195
32	Jan-16	(19,424.94)	2,175,593.00	
33	Feb-16	(19,424.94)	2,156,168.06	
34	Mar-16	(19,424.94)	2,136,743.13	
35	Apr-16	(19,424.94)	2,117,318.19	
36	May-16	(19,424.94)	2,097,893.25	
37	Jun-16	(19,424.94)	2,078,468.31	
38	Jul-16	(19,424.94)	2,059,043.38	
39	Aug-16	(19,424.94)	2,039,618.44	
40	Sep-16	(19,424.94)	2,020,193.50	
41	Oct-16	(19,424.94)	2,000,768.56	
42	Nov-16	(19,424.94)	1,981,343.63	
43	Dec-16	(19,424.94)	1,961,918.69	1,962
44	Jan-17	(19,424.94)	1,942,493.75	
45	Feb-17	(19,424.94)	1,923,068.81	

Maui Electric Company, Limited  
CIS in 2017 RAM Calculations  
CIS Amortization Schedule

		CIS Final Cost - Amortization (Rate Base Impact)		Rounded (\$ in 000's)
46	Mar-17	(19,424.94)		
47	Apr-17	(19,424.94)		
48	May-17	(19,424.94)		
49	Jun-17	(19,424.94)	2017 Amortization (233,099)	
50	Jul-17	(19,424.94)		
51	Aug-17	(19,424.94)		
52	Sep-17	(19,424.94)		
53	Oct-17	(19,424.94)		
54	Nov-17	(19,424.94)		
55	Dec-17	(19,424.94)		
56	Jan-18	(19,424.94)		
57	Feb-18	(19,424.94)		
58	Mar-18	(19,424.94)		
59	Apr-18	(19,424.94)		
60	May-18	(19,424.94)		
61	Jun-18	(19,424.94)		
62	Jul-18	(19,424.94)		
63	Aug-18	(19,424.94)		
64	Sep-18	(19,424.94)		
65	Oct-18	(19,424.94)		
66	Nov-18	(19,424.94)		
67	Dec-18	(19,424.94)		
68	Jan-19	(19,424.94)		
69	Feb-19	(19,424.94)		
70	Mar-19	(19,424.94)		
71	Apr-19	(19,424.94)		
72	May-19	(19,424.94)		
73	Jun-19	(19,424.94)		
74	Jul-19	(19,424.94)		
75	Aug-19	(19,424.94)		
76	Sep-19	(19,424.94)		
77	Oct-19	(19,424.94)		
78	Nov-19	(19,424.94)		
79	Dec-19	(19,424.94)		
80	Jan-20	(19,424.94)		
81	Feb-20	(19,424.94)		
82	Mar-20	(19,424.94)		
83	Apr-20	(19,424.94)		
84	May-20	(19,424.94)		
85	Jun-20	(19,424.94)		
86	Jul-20	(19,424.94)		
87	Aug-20	(19,424.94)		
88	Sep-20	(19,424.94)		
89	Oct-20	(19,424.94)		
90	Nov-20	(19,424.94)		
91	Dec-20	(19,424.94)		
92	Jan-21	(19,424.94)		
93	Feb-21	(19,424.94)		
94	Mar-21	(19,424.94)		

2017 Amortization  
(233,099)

1,729

**Maui Electric Company, Limited  
CIS in 2017 RAM Calculations  
CIS Amortization Schedule**

		<b>CIS Final Cost - Amortization (Rate Base Impact)</b>	<b>Rounded (\$ in 000's)</b>
95	Apr-21	(19,424.94)	951,821.94
96	May-21	(19,424.94)	932,397.00
97	Jun-21	(19,424.94)	912,972.06
98	Jul-21	(19,424.94)	893,547.13
99	Aug-21	(19,424.94)	874,122.19
100	Sep-21	(19,424.94)	854,697.25
101	Oct-21	(19,424.94)	835,272.31
102	Nov-21	(19,424.94)	815,847.38
103	Dec-21	(19,424.94)	796,422.44
104	Jan-22	(19,424.94)	776,997.50
105	Feb-22	(19,424.94)	757,572.56
106	Mar-22	(19,424.94)	738,147.63
107	Apr-22	(19,424.94)	718,722.69
108	May-22	(19,424.94)	699,297.75
109	Jun-22	(19,424.94)	679,872.81
110	Jul-22	(19,424.94)	660,447.88
111	Aug-22	(19,424.94)	641,022.94
112	Sep-22	(19,424.94)	621,598.00
113	Oct-22	(19,424.94)	602,173.06
114	Nov-22	(19,424.94)	582,748.13
115	Dec-22	(19,424.94)	563,323.19
116	Jan-23	(19,424.94)	543,898.25
117	Feb-23	(19,424.94)	524,473.31
118	Mar-23	(19,424.94)	505,048.38
119	Apr-23	(19,424.94)	485,623.44
120	May-23	(19,424.94)	466,198.50
121	Jun-23	(19,424.94)	446,773.56
122	Jul-23	(19,424.94)	427,348.63
123	Aug-23	(19,424.94)	407,923.69
124	Sep-23	(19,424.94)	388,498.75
125	Oct-23	(19,424.94)	369,073.81
126	Nov-23	(19,424.94)	349,648.88
127	Dec-23	(19,424.94)	330,223.94
128	Jan-24	(19,424.94)	310,799.00
129	Feb-24	(19,424.94)	291,374.06
130	Mar-24	(19,424.94)	271,949.13
131	Apr-24	(19,424.94)	252,524.19
132	May-24	(19,424.94)	233,099.25
133	Jun-24	(19,424.94)	213,674.31
134	Jul-24	(19,424.94)	194,249.38
135	Aug-24	(19,424.94)	174,824.44
136	Sep-24	(19,424.94)	155,399.50
137	Oct-24	(19,424.94)	135,974.56
138	Nov-24	(19,424.94)	116,549.63
139	Dec-24	(19,424.94)	97,124.69
140	Jan-25	(19,424.94)	77,699.75
141	Feb-25	(19,424.94)	58,274.81
142	Mar-25	(19,424.94)	38,849.88
143	Apr-25	(19,424.94)	19,424.94
144	May-25	(19,424.94)	-

Maui Electric Company, Ltd.  
CHP Investment  
Estimated Book Depreciation  
Docket No. 2009-0286 Depreciation Rates

			Cost:			Rate:		Depreciation	A/D	NBV
			Total	Production	Distribution	Production	Distribution			
1	Sept	2009	3,500,000	3,010,000	490,000	3.19%	2.30%	-	-	3,500,000
2	Oct	2009	3,500,000	3,010,000	490,000	3.19%	2.30%	-	-	3,500,000
3	Nov	2009	3,500,000	3,010,000	490,000	3.19%	2.30%	-	-	3,500,000
4	Dec	2009	3,500,000	3,010,000	490,000	3.19%	2.30%	-	-	3,500,000
5	Jan	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	8,941	3,491,059
6	Feb	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	17,882	3,482,118
7	Mar	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	26,823	3,473,177
8	Apr	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	35,764	3,464,236
9	May	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	44,705	3,455,295
10	Jun	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	53,646	3,446,354
11	Jul	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	62,587	3,437,413
12	Aug	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	71,528	3,428,472
13	Sep	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	80,469	3,419,531
14	Oct	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	89,410	3,410,590
15	Nov	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	98,351	3,401,649
16	Dec	2010	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	107,292	3,392,708
17	Jan	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	116,233	3,383,767
18	Feb	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	125,174	3,374,826
19	Mar	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	134,115	3,365,885
20	Apr	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	143,056	3,356,944
21	May	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	151,997	3,348,003
22	Jun	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	160,938	3,339,062
23	Jul	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	169,879	3,330,121
24	Aug	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	178,820	3,321,180
25	Sep	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	187,761	3,312,239
26	Oct	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	196,702	3,303,298
27	Nov	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	205,643	3,294,357
28	Dec	2011	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	214,584	3,285,416
29	Jan	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	223,525	3,276,475
30	Feb	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	232,466	3,267,534
31	Mar	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	241,407	3,258,593
32	Apr	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	250,348	3,249,652
33	May	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	259,289	3,240,711
34	Jun	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	268,230	3,231,770
35	Jul	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	277,171	3,222,829
36	Aug	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	286,112	3,213,888
37	Sep	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	295,053	3,204,947
38	Oct	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	303,994	3,196,006
39	Nov	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	312,935	3,187,065
40	Dec	2012	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	321,876	3,178,124
41	Jan	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	330,817	3,169,183
42	Feb	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	339,758	3,160,242
43	Mar	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	348,699	3,151,301
44	Apr	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	357,640	3,142,360
45	May	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	366,581	3,133,419
46	Jun	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	375,522	3,124,478
47	Jul	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	384,463	3,115,537
48	Aug	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	393,404	3,106,596
49	Sep	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	402,345	3,097,655
50	Oct	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	411,286	3,088,714
51	Nov	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	420,227	3,079,773
52	Dec	2013	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	429,168	3,070,832
53	Jan	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	438,109	3,061,891
54	Feb	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	447,050	3,052,950
55	Mar	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	455,991	3,044,009
56	Apr	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	464,932	3,035,068
57	May	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	473,873	3,026,127
58	Jun	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	482,814	3,017,186
59	Jul	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	491,755	3,008,245
60	Aug	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	500,696	2,999,304
61	Sep	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	509,637	2,990,363
62	Oct	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	518,578	2,981,422
63	Nov	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	527,519	2,972,481
64	Dec	2014	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	536,460	2,963,540
65	Jan	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	545,401	2,954,599

\* The Company's CHP system incurred extensive and irreparable damage due to a fire on March 6, 2015. As the system was out of service from this date there is no depreciation expense recorded from March and the net book value as of February 2015 is reflected in Sch D1. The Company estimates a return to service in November 2017.

Maui Electric Company, Ltd.  
CHP Investment  
Estimated Book Depreciation  
Docket No. 2009-0286 Depreciation Rates

			Cost:			Rate:		Depreciation	A/D	NBV
			Total	Production	Distribution	Production	Distribution			
66	Feb	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	554,342	2,945,658
67	Mar	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	563,283	2,936,717
68	Apr	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	572,224	2,927,776
69	May	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	581,165	2,918,835
70	Jun	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	590,106	2,909,894
71	Jul	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	599,047	2,900,953
72	Aug	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	607,988	2,892,012
73	Sep	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	616,929	2,883,071
74	Oct	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	625,870	2,874,130
75	Nov	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	634,811	2,865,189
76	Dec	2015	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	643,752	2,856,248
77	Jan	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	652,693	2,847,307
78	Feb	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	661,634	2,838,366
79	Mar	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	670,575	2,829,425
80	Apr	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	679,516	2,820,484
81	May	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	688,457	2,811,543
82	Jun	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	697,398	2,802,602
83	Jul	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	706,339	2,793,661
84	Aug	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	715,280	2,784,720
85	Sep	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	724,221	2,775,779
86	Oct	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	733,162	2,766,838
87	Nov	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	742,103	2,757,897
88	Dec	2016	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	751,044	2,748,956
89	Jan	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	759,985	2,740,015
90	Feb	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	768,926	2,731,074
91	Mar	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	777,867	2,722,133
92	Apr	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	786,808	2,713,192
93	May	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	795,749	2,704,251
94	Jun	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	804,690	2,695,310
95	Jul	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	813,631	2,686,369
96	Aug	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	822,572	2,677,428
97	Sep	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	831,513	2,668,487
98	Oct	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	840,454	2,659,546
99	Nov	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	849,395	2,650,605
100	Dec	2017	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	858,336	2,641,664
101	Jan	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	867,277	2,632,723
102	Feb	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	876,218	2,623,782
103	Mar	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	885,159	2,614,841
104	Apr	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	894,100	2,605,900
105	May	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	903,041	2,596,959
106	Jun	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	911,982	2,588,018
107	Jul	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	920,923	2,579,077
108	Aug	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	929,864	2,570,136
109	Sep	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	938,805	2,561,195
110	Oct	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	947,746	2,552,254
111	Nov	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	956,687	2,543,313
112	Dec	2018	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	965,628	2,534,372
113	Jan	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	974,569	2,525,431
114	Feb	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	983,510	2,516,490
115	Mar	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	992,451	2,507,549
116	Apr	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,001,392	2,498,608
117	May	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,010,333	2,489,667
118	Jun	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,019,274	2,480,726
119	Jul	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,028,215	2,471,785
120	Aug	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,037,156	2,462,844
121	Sep	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,046,097	2,453,903
122	Oct	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,055,038	2,444,962
123	Nov	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,063,979	2,436,021
124	Dec	2019	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,072,920	2,427,080
125	Jan	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,081,861	2,418,139
126	Feb	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,090,802	2,409,198
127	Mar	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,099,743	2,400,257
128	Apr	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,108,684	2,391,316
129	May	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,117,625	2,382,375
130	Jun	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,126,566	2,373,434

Maui Electric Company, Ltd.  
CHP Investment  
Estimated Book Depreciation  
Docket No. 2009-0286 Depreciation Rates

			Cost:			Rate:		Depreciation	A/D	NBV
			Total	Production	Distribution	Production	Distribution			
131	Jul	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,135,507	2,364,493
132	Aug	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,144,448	2,355,552
133	Sep	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,153,389	2,346,611
134	Oct	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,162,330	2,337,670
135	Nov	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,171,271	2,328,729
136	Dec	2020	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,180,212	2,319,788
137	Jan	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,189,153	2,310,847
138	Feb	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,198,094	2,301,906
139	Mar	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,207,035	2,292,965
140	Apr	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,215,976	2,284,024
141	May	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,224,917	2,275,083
142	Jun	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,233,858	2,266,142
143	Jul	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,242,799	2,257,201
144	Aug	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,251,740	2,248,260
145	Sep	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,260,681	2,239,319
146	Oct	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,269,622	2,230,378
147	Nov	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,278,563	2,221,437
148	Dec	2021	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,287,504	2,212,496
149	Jan	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,296,445	2,203,555
150	Feb	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,305,386	2,194,614
151	Mar	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,314,327	2,185,673
152	Apr	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,323,268	2,176,732
153	May	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,332,209	2,167,791
154	Jun	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,341,150	2,158,850
155	Jul	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,350,091	2,149,909
156	Aug	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,359,032	2,140,968
157	Sep	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,367,973	2,132,027
158	Oct	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,376,914	2,123,086
159	Nov	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,385,855	2,114,145
160	Dec	2022	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,394,796	2,105,204
161	Jan	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,403,737	2,096,263
162	Feb	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,412,678	2,087,322
163	Mar	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,421,619	2,078,381
164	Apr	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,430,560	2,069,440
165	May	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,439,501	2,060,499
166	Jun	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,448,442	2,051,558
167	Jul	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,457,383	2,042,617
168	Aug	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,466,324	2,033,676
169	Sep	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,475,265	2,024,735
170	Oct	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,484,206	2,015,794
171	Nov	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,493,147	2,006,853
172	Dec	2023	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,502,088	1,997,912
173	Jan	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,511,029	1,988,971
174	Feb	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,519,970	1,980,030
175	Mar	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,528,911	1,971,089
176	Apr	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,537,852	1,962,148
177	May	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,546,793	1,953,207
178	Jun	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,555,734	1,944,266
179	Jul	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,564,675	1,935,325
180	Aug	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,573,616	1,926,384
181	Sep	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,582,557	1,917,443
182	Oct	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,591,498	1,908,502
183	Nov	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,600,439	1,899,561
184	Dec	2024	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,609,380	1,890,620
185	Jan	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,618,321	1,881,679
186	Feb	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,627,262	1,872,738
187	Mar	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,636,203	1,863,797
188	Apr	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,645,144	1,854,856
189	May	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,654,085	1,845,915
190	Jun	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,663,026	1,836,974
191	Jul	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,671,967	1,828,033
192	Aug	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,680,908	1,819,092
193	Sep	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,689,849	1,810,151
194	Oct	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,698,790	1,801,210
195	Nov	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,707,731	1,792,269

Maui Electric Company, Ltd.  
CHP Investment  
Estimated Book Depreciation  
Docket No. 2009-0286 Depreciation Rates

			Cost:			Rate:		Depreciation	A/D	NBV
			Total	Production	Distribution	Production	Distribution			
196	Dec	2025	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,716,672	1,783,328
197	Jan	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,725,613	1,774,387
198	Feb	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,734,554	1,765,446
199	Mar	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,743,495	1,756,505
200	Apr	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,752,436	1,747,564
201	May	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,761,377	1,738,623
202	Jun	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,770,318	1,729,682
203	Jul	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,779,259	1,720,741
204	Aug	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,788,200	1,711,800
205	Sep	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,797,141	1,702,859
206	Oct	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,806,082	1,693,918
207	Nov	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,815,023	1,684,977
208	Dec	2026	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,823,964	1,676,036
209	Jan	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,832,905	1,667,095
210	Feb	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,841,846	1,658,154
211	Mar	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,850,787	1,649,213
212	Apr	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,859,728	1,640,272
213	May	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,868,669	1,631,331
214	Jun	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,877,610	1,622,390
215	Jul	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,886,551	1,613,449
216	Aug	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,895,492	1,604,508
217	Sep	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,904,433	1,595,567
218	Oct	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,913,374	1,586,626
219	Nov	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,922,315	1,577,685
220	Dec	2027	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,931,256	1,568,744
221	Jan	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,940,197	1,559,803
222	Feb	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,949,138	1,550,862
223	Mar	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,958,079	1,541,921
224	Apr	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,967,020	1,532,980
225	May	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,975,961	1,524,039
226	Jun	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,984,902	1,515,098
227	Jul	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	1,993,843	1,506,157
228	Aug	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,002,784	1,497,216
229	Sep	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,011,725	1,488,275
230	Oct	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,020,666	1,479,334
231	Nov	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,029,607	1,470,393
232	Dec	2028	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,038,548	1,461,452
233	Jan	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,047,489	1,452,511
234	Feb	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,056,430	1,443,570
235	Mar	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,065,371	1,434,629
236	Apr	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,074,312	1,425,688
237	May	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,083,253	1,416,747
238	Jun	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,092,194	1,407,806
239	Jul	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,101,135	1,398,865
240	Aug	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,110,076	1,389,924
241	Sep	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,119,017	1,380,983
242	Oct	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,127,958	1,372,042
243	Nov	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,136,899	1,363,101
244	Dec	2029	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,145,840	1,354,160
245	Jan	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,154,781	1,345,219
246	Feb	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,163,722	1,336,278
247	Mar	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,172,663	1,327,337
248	Apr	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,181,604	1,318,396
249	May	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,190,545	1,309,455
250	Jun	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,199,486	1,300,514
251	Jul	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,208,427	1,291,573
252	Aug	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,217,368	1,282,632
253	Sep	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,226,309	1,273,691
254	Oct	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,235,250	1,264,750
255	Nov	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,244,191	1,255,809
256	Dec	2030	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,253,132	1,246,868
257	Jan	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,262,073	1,237,927
258	Feb	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,271,014	1,228,986
259	Mar	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,279,955	1,220,045
260	Apr	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,288,896	1,211,104

Maui Electric Company, Ltd.  
CHP Investment  
Estimated Book Depreciation  
Docket No. 2009-0286 Depreciation Rates

			Cost:			Rate:		Depreciation	A/D	NBV
			Total	Production	Distribution	Production	Distribution			
261	May	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,297,837	1,202,163
262	Jun	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,306,778	1,193,222
263	Jul	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,315,719	1,184,281
264	Aug	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,324,660	1,175,340
265	Sep	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,333,601	1,166,399
266	Oct	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,342,542	1,157,458
267	Nov	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,351,483	1,148,517
268	Dec	2031	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,360,424	1,139,576
269	Jan	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,369,365	1,130,635
270	Feb	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,378,306	1,121,694
271	Mar	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,387,247	1,112,753
272	Apr	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,396,188	1,103,812
273	May	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,405,129	1,094,871
274	Jun	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,414,070	1,085,930
275	Jul	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,423,011	1,076,989
276	Aug	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,431,952	1,068,048
277	Sep	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,440,893	1,059,107
278	Oct	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,449,834	1,050,166
279	Nov	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,458,775	1,041,225
280	Dec	2032	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,467,716	1,032,284
281	Jan	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,476,657	1,023,343
282	Feb	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,485,598	1,014,402
283	Mar	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,494,539	1,005,461
284	Apr	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,503,480	996,520
285	May	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,512,421	987,579
286	Jun	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,521,362	978,638
287	Jul	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,530,303	969,697
288	Aug	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,539,244	960,756
289	Sep	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,548,185	951,815
290	Oct	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,557,126	942,874
291	Nov	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,566,067	933,933
292	Dec	2033	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,575,008	924,992
293	Jan	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,583,949	916,051
294	Feb	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,592,890	907,110
295	Mar	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,601,831	898,169
296	Apr	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,610,772	889,228
297	May	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,619,713	880,287
298	Jun	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,628,654	871,346
299	Jul	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,637,595	862,405
300	Aug	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,646,536	853,464
301	Sep	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,655,477	844,523
302	Oct	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,664,418	835,582
303	Nov	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,673,359	826,641
304	Dec	2034	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,682,300	817,700
305	Jan	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,691,241	808,759
306	Feb	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,700,182	799,818
307	Mar	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,709,123	790,877
308	Apr	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,718,064	781,936
309	May	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,727,005	772,995
310	Jun	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,735,946	764,054
311	Jul	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,744,887	755,113
312	Aug	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,753,828	746,172
313	Sep	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,762,769	737,231
314	Oct	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,771,710	728,290
315	Nov	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,780,651	719,349
316	Dec	2035	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,789,592	710,408
317	Jan	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,798,533	701,467
318	Feb	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,807,474	692,526
319	Mar	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,816,415	683,585
320	Apr	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,825,356	674,644
321	May	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,834,297	665,703
322	Jun	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,843,238	656,762
323	Jul	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,852,179	647,821
324	Aug	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,861,120	638,880
325	Sep	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,870,061	629,939

Maui Electric Company, Ltd.  
CHP Investment  
Estimated Book Depreciation  
Docket No. 2009-0286 Depreciation Rates

			Cost:			Rate:		Depreciation	A/D	NBV
			Total	Production	Distribution	Production	Distribution			
326	Oct	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,879,002	620,998
327	Nov	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,887,943	612,057
328	Dec	2036	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,896,884	603,116
329	Jan	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,905,825	594,175
330	Feb	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,914,766	585,234
331	Mar	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,923,707	576,293
332	Apr	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,932,648	567,352
333	May	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,941,589	558,411
334	Jun	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,950,530	549,470
335	Jul	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,959,471	540,529
336	Aug	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,968,412	531,588
337	Sep	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,977,353	522,647
338	Oct	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,986,294	513,706
339	Nov	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	2,995,235	504,765
340	Dec	2037	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,004,176	495,824
341	Jan	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,013,117	486,883
342	Feb	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,022,058	477,942
343	Mar	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,030,999	469,001
344	Apr	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,039,940	460,060
345	May	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,048,881	451,119
346	Jun	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,057,822	442,178
347	Jul	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,066,763	433,237
348	Aug	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,075,704	424,296
349	Sep	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,084,645	415,355
350	Oct	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,093,586	406,414
351	Nov	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,102,527	397,473
352	Dec	2038	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,111,468	388,532
353	Jan	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,120,409	379,591
354	Feb	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,129,350	370,650
355	Mar	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,138,291	361,709
356	Apr	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,147,232	352,768
357	May	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,156,173	343,827
358	Jun	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,165,114	334,886
359	Jul	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,174,055	325,945
360	Aug	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,182,996	317,004
361	Sep	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,191,937	308,063
362	Oct	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,200,878	299,122
363	Nov	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,209,819	290,181
364	Dec	2039	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,218,760	281,240
365	Jan	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,227,701	272,299
366	Feb	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,236,642	263,358
367	Mar	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,245,583	254,417
368	Apr	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,254,524	245,476
369	May	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,263,465	236,535
370	Jun	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,272,406	227,594
371	Jul	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,281,347	218,653
372	Aug	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,290,288	209,712
373	Sep	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,299,229	200,771
374	Oct	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,308,170	191,830
375	Nov	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,317,111	182,889
376	Dec	2040	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,326,052	173,948
377	Jan	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,334,993	165,007
378	Feb	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,343,934	156,066
379	Mar	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,352,875	147,125
380	Apr	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	8,941	3,361,816	138,184
381	May	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	2,187	3,364,003	135,997
382	Jun	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,364,942	135,058
383	Jul	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,365,881	134,119
384	Aug	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,366,820	133,180
385	Sep	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,367,759	132,241
386	Oct	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,368,698	131,302
387	Nov	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,369,637	130,363
388	Dec	2041	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,370,576	129,424
389	Jan	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,371,515	128,485
390	Feb	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,372,454	127,546

Maui Electric Company, Ltd.  
CHP Investment  
Estimated Book Depreciation  
Docket No. 2009-0286 Depreciation Rates

			Cost:			Rate:		Depreciation	A/D	NBV
			Total	Production	Distribution	Production	Distribution			
391	Mar	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,373,393	126,607
392	Apr	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,374,332	125,668
393	May	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,375,271	124,729
394	Jun	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,376,210	123,790
395	Jul	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,377,149	122,851
396	Aug	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,378,088	121,912
397	Sep	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,379,027	120,973
398	Oct	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,379,966	120,034
399	Nov	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,380,905	119,095
400	Dec	2042	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,381,844	118,156
401	Jan	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,382,783	117,217
402	Feb	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,383,722	116,278
403	Mar	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,384,661	115,339
404	Apr	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,385,600	114,400
405	May	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,386,539	113,461
406	Jun	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,387,478	112,522
407	Jul	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,388,417	111,583
408	Aug	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,389,356	110,644
409	Sep	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,390,295	109,705
410	Oct	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,391,234	108,766
411	Nov	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,392,173	107,827
412	Dec	2043	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,393,112	106,888
413	Jan	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,394,051	105,949
414	Feb	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,394,990	105,010
415	Mar	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,395,929	104,071
416	Apr	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,396,868	103,132
417	May	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,397,807	102,193
418	Jun	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,398,746	101,254
419	Jul	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,399,685	100,315
420	Aug	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,400,624	99,376
421	Sep	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,401,563	98,437
422	Oct	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,402,502	97,498
423	Nov	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,403,441	96,559
424	Dec	2044	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,404,380	95,620
425	Jan	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,405,319	94,681
426	Feb	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,406,258	93,742
427	Mar	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,407,197	92,803
428	Apr	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,408,136	91,864
429	May	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,409,075	90,925
430	Jun	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,410,014	89,986
431	Jul	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,410,953	89,047
432	Aug	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,411,892	88,108
433	Sep	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,412,831	87,169
434	Oct	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,413,770	86,230
435	Nov	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,414,709	85,291
436	Dec	2045	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,415,648	84,352
437	Jan	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,416,587	83,413
438	Feb	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,417,526	82,474
439	Mar	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,418,465	81,535
440	Apr	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,419,404	80,596
441	May	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,420,343	79,657
442	Jun	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,421,282	78,718
443	Jul	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,422,221	77,779
444	Aug	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,423,160	76,840
445	Sep	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,424,099	75,901
446	Oct	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,425,038	74,962
447	Nov	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,425,977	74,023
448	Dec	2046	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,426,916	73,084
449	Jan	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,427,855	72,145
450	Feb	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,428,794	71,206
451	Mar	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,429,733	70,267
452	Apr	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,430,672	69,328
453	May	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,431,611	68,389
454	Jun	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,432,550	67,450
455	Jul	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,433,489	66,511

Maui Electric Company, Ltd.  
CHP Investment  
Estimated Book Depreciation  
Docket No. 2009-0286 Depreciation Rates

			Cost:			Rate:		Depreciation	A/D	NBV
			Total	Production	Distribution	Production	Distribution			
456	Aug	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,434,428	65,572
457	Sep	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,435,367	64,633
458	Oct	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,436,306	63,694
459	Nov	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,437,245	62,755
460	Dec	2047	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,438,184	61,816
461	Jan	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,439,123	60,877
462	Feb	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,440,062	59,938
463	Mar	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,441,001	58,999
464	Apr	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,441,940	58,060
465	May	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,442,879	57,121
466	Jun	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,443,818	56,182
467	Jul	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,444,757	55,243
468	Aug	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,445,696	54,304
469	Sep	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,446,635	53,365
470	Oct	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,447,574	52,426
471	Nov	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,448,513	51,487
472	Dec	2048	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,449,452	50,548
473	Jan	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,450,391	49,609
474	Feb	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,451,330	48,670
475	Mar	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,452,269	47,731
476	Apr	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,453,208	46,792
477	May	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,454,147	45,853
478	Jun	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,455,086	44,914
479	Jul	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,456,025	43,975
480	Aug	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,456,964	43,036
481	Sep	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,457,903	42,097
482	Oct	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,458,842	41,158
483	Nov	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,459,781	40,219
484	Dec	2049	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,460,720	39,280
485	Jan	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,461,659	38,341
486	Feb	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,462,598	37,402
487	Mar	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,463,537	36,463
488	Apr	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,464,476	35,524
489	May	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,465,415	34,585
490	Jun	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,466,354	33,646
491	Jul	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,467,293	32,707
492	Aug	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,468,232	31,768
493	Sep	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,469,171	30,829
494	Oct	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,470,110	29,890
495	Nov	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,471,049	28,951
496	Dec	2050	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,471,988	28,012
497	Jan	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,472,927	27,073
498	Feb	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,473,866	26,134
499	Mar	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,474,805	25,195
500	Apr	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,475,744	24,256
501	May	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,476,683	23,317
502	Jun	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,477,622	22,378
503	Jul	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,478,561	21,439
504	Aug	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,479,500	20,500
505	Sep	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,480,439	19,561
506	Oct	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,481,378	18,622
507	Nov	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,482,317	17,683
508	Dec	2051	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,483,256	16,744
509	Jan	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,484,195	15,805
510	Feb	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,485,134	14,866
511	Mar	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,486,073	13,927
512	Apr	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,487,012	12,988
513	May	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,487,951	12,049
514	Jun	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,488,890	11,110
515	Jul	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,489,829	10,171
516	Aug	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,490,768	9,232
517	Sep	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,491,707	8,293
518	Oct	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,492,646	7,354
519	Nov	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,493,585	6,415
520	Dec	2052	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,494,524	5,476

Maui Electric Company, Ltd.  
CHP Investment  
Estimated Book Depreciation  
Docket No. 2009-0286 Depreciation Rates

			Cost:			Rate:		Depreciation	A/D	NBV
			Total	Production	Distribution	Production	Distribution			
521	Jan	2053	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,495,463	4,537
522	Feb	2053	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,496,402	3,598
523	Mar	2053	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,497,341	2,659
524	Apr	2053	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,498,280	1,720
525	May	2053	3,500,000	3,010,000	490,000	3.19%	2.30%	939	3,499,219	781
526	Jun	2053	3,500,000	3,010,000	490,000	3.19%	2.30%	781	3,500,000	-

Maui Electric Company  
Accumulated Deferred Taxes

	Description	FEDERAL 12/31/16 Balance	STATE 12/31/16 Balance	COMBINED 12/31/16 Balance
	ACCOUNT 282			
1	Accelerated Depreciation	(56,636,283)	(4,912,719)	(61,549,002)
2	Deficit AccDep	-	-	-
3	TOTAL ACCOUNT 282 - UTILITY DEPR	<u>(56,636,283)</u>	<u>(4,912,719)</u>	<u>(61,549,002)</u>
	ACCOUNT 283			
4	Bad Debts (fks Uncoll Accts)	71,652	13,102	84,754
5	Bonuses - Non-executives	43,454	24,395	67,849
6	BPI Project Costs	(1,048)	(194)	(1,242)
7	Capital loss Limited/carryforward	4,370	488	4,858
8	Capitalized Interest (fka Cap Int)	1,900,051	446,758	2,346,809
9	Charitable Deduction Limitation CF	-	0	0
10	CHP Direct Lease vs. Book Depreciation	21,500	3,931	25,431
11	CIAC	11,825,319	3,376,985	15,202,304
12	Cost of Removal	(18,359,352)	(3,355,799)	(21,715,151)
13	Customer Advances	1,001,867	183,197	1,185,064
14	CWIP Debt (AFUDC Debt)	(2,099,994)	(383,998)	(2,483,992)
15	CWIP Debt Transition	(36,604)	(6,693)	(43,298)
16	Emissions Fees	143,658	26,269	169,927
17	Exec Comp - EICP	53,163	9,722	62,884
18	Exec Comp - LTIP	45,491	8,319	53,810
19	Exec Comp - RSUs	21,452	3,925	25,377
20	Fed ITC	91,164	16,670	107,834
21	Fed Energy Tax Credit	(30,727)	(5,616)	(36,343)
22	FIN 48 - Interest Component	4,440	812	5,252
23	FIN 48 - Tax Component	(2)	101,342	101,340
24	Franchise Taxes on Unbilled Revenues	184,121	33,668	217,789
25	Gain/(Loss) on Post-'80 Vint (ACRS) Retirals	(2,625,871)	(533,425)	(3,159,296)
26	Hawaii R&D Credit	748	137	885
27	Interest - RAR (fka Int IRS Adj)	76,896	(3,988)	72,907
28	IRP/DSM Costs - DSM Fast Demand Response	-	-	-
29	IRP/DSM Costs - IRP	(101,265)	(34,564)	(135,829)
30	Legal Fees Capitalized (PPA)	95,529	17,469	112,998
31	Liability Reserves - Brownfield Site	1,173,224	214,532	1,387,756
32	Liability Reserves - Other (fka Gen Liab Reserve)	123,459	22,574	146,033
	Manele Bay Direct Financing Lease	160,848	29,413	190,261
34	NOL			-
35	NOL	8,349,878	-	8,349,878
36	NOL Non-util	168,509	-	168,509
37	Subtotal NOL	<u>8,518,387</u>	<u>-</u>	<u>8,518,387</u>
38	OPEB	(31,229)	(5,714)	(36,943)
39	OPEB Executive Life	538,937	98,549	637,486
40	OPEB Trackers	828,320	151,464	979,784
41	Other	(2,666)	20,733	18,067
42	Pension (Qualified)	(1,052,534)	(192,470)	(1,245,005)
43	Pension Excess (Non-qualified)	(1,753)	(319)	(2,072)
44	Pension Tracker	(4,125,003)	(754,287)	(4,879,290)
45	Percentage Repair Allowance (PRA)	(416,974)	(182,614)	(599,588)
46	Post Norm Cap OH's - Depr (fka Cap Items Chg)	(9,607)	(1,756)	(11,364)
47	Prepays	(262,585)	(48,014)	(310,599)
48	QUIPS Amortization	(94,042)	(17,196)	(111,239)
49	Rate Case Costs	(0)	(2)	(2)
50	RBA Revenues	1,373,776	251,205	1,624,981
51	RBA Revenues - §481(a) Adjustment	(2,233,401)	(408,393)	(2,641,794)
52	Repairs	(22,075,067)	(4,036,581)	(26,111,648)
53	Repairs - §481(a) Adjustment	(4,206,462)	(1,111,416)	(5,317,878)
54	Rev Bond Differential/Redemptions	(510,581)	(108,869)	(619,450)
55	Software - CIS	(117,350)	(25,281)	(142,631)
56	Software - CIS 2013 Carrying Costs	(10,724)	(1,961)	(12,685)
57	Software - ERP	-	-	-
58	Software - HR Suites	(182,521)	(33,376)	(215,897)
59	Software - IVR	(66,343)	(10,631)	(76,975)
60	Software - UI Planner (Budget System Replacement)	(69,857)	(12,775)	(82,631)

Maui Electric Company  
Accumulated Deferred Taxes

	Description	FEDERAL 12/31/16 Balance	STATE 12/31/16 Balance	COMBINED 12/31/16 Balance	
61	Software - Other Computer Software Costs	3,658	(835)	2,823	
62	Solar Saver	31,240	5,714	36,954	
63	State ITC (State Cap Goods Tax Credit)	4,786,773	875,295	5,662,069	
64	State Solar Energy Credit	15,521	2,839	18,360	
65	SunPower for Schools	1,886	346	2,231	
66	Vacation Accrual	(74,818)	(18,282)	(93,100)	
67	Workers Compensation Rounding	26,772 (6)	50,449 (3)	77,222 (9)	
68	FAS 109: Regulatory Assets/Liabilities			-	
69	Reg Asset - SFAS 109 (1863510)	0	-	0	
70	Reg Asset - SFAS 109 Flow Through	(438)	(80)	(518)	
71	Reg Asset - Plant Transition (AFUDC)	(216,463)	(39,582)	(256,045)	
73	Reg Asset - CWIP Equity Transition	(107,793)	(19,711)	(127,504)	
74	Reg Asset - CWIP Equity Gross-Up	(2,786,331)	(509,501)	(3,295,832)	
75	Reg Asset - CWIP Equity Net/(AFUDC Eqty Incurred)	(4,374,478)	(799,905)	(5,174,383)	
77	Reg Liab - Fed ITC	58,064	10,618	68,682	
	Reg Liab - Fed Energy Credit	178,308	32,605	210,912	
78	Reg Asset - Deficit Def - Oth	8,222	1,503	9,725	
79	Reg Liab - Excess Def - Oth	-	-	-	
81	TOTAL ACCOUNT 283 - UTILITY	<u>(32,871,620)</u>	<u>(6,628,805)</u>	<u>(39,500,425)</u>	
82	TOTAL ADIT BEFORE RATE BASE ADJUSTMENTS	(89,507,903)	(11,541,524)	(101,049,427)	
	<b>RATE BASE CALCULATION</b>				
83	Account 283 - Utility	(32,871,620)	(6,628,805)	(39,500,425)	
	Less:				
84	Bad Debts (fka Uncoll Accts Allow)	71,652	13,102	84,754	
85	Bonuses - Non-executives (fka included in Exec Incen Comp)	43,454	24,395	67,849	
86	Exec Comp - EICP (fka included in Exec Incen Comp)	53,163	9,722	62,884	
87	Exec Comp - LTIP (fka included in Exec Incen Comp)	45,491	8,319	53,810	
88	Exec Comp - RSUs (fka included in Exec Incen Comp)	21,452	3,925	25,377	
89	IRP/DSM Costs	(101,265)	(34,564)	(135,829)	
90	FIN 48 Interest	4,440	812	5,252	
91	FIN 48 Adj	(2)	101,342	101,340	
92	Franchise Taxes on Unbilled Revenues	184,121	33,668	217,789	
93	General Liability Reserve	1,296,683	237,106	1,533,789	
94	Interest - CIS Carrying Costs at Full Debt rate	(33,617)	(6,148)	(39,765)	MECO-WP-D4-002
95	Interest - RAR	76,896	(3,988)	72,907	
96	OPEB Executive Life	538,937	98,549	637,486	
97	Pension Excess (Non-qualified)	(1,753)	(319)	(2,072)	
98	RBA Revenue	(859,625)	(157,188)	(1,016,813)	
99	Software - ERP (fka ERP EAM Project)	-	-	-	
100	Software - IVR (fka IVR Project)	-	-	-	
101	Vacation Accrual	(74,818)	(18,282)	(93,100)	
102	Workers Compensation (fka Disc Wkrs Cmp)	26,772	50,449	77,222	
103	Other Decoupling Adjustment (Note 1)	8,518,387	-	8,518,387	
104	Subtotal Account 283 Adjustments	<u>9,810,367</u>	<u>360,900</u>	<u>10,171,267</u>	
105	Total Account 283 for Rate Base	(42,681,987)	(6,989,705)	(49,671,692)	To Schedule D4
106	Total Account 282 for Rate Base	(56,636,283)	(4,912,719)	(61,549,002)	To Schedule D4
107	TOTAL ADIT AFTER RATE BASE ADJUSTMENTS	<u>(99,318,270)</u>	<u>(11,902,424)</u>	<u>(111,220,694)</u>	To Schedule D4

Footnotes:

- (1) Per the CA's 2013 Transmittal No. 13-01, page 12, the CA proposed removal of the DTA on the NOL carryforward. Maui Electric rejected the CA's proposal but recognizing the need for a quick resolution of the 2013 decoupling proceeding and the precedential nature of this ADIT item an adjustment to increase ADIT in consideration of the need. For the current decoupling proceeding, Maui Electric has adjusted ADIT for an amount consistent with the prior decoupling filing in arriving at Other Deferred Income Taxes. Again, the adjustment is a general concession to the ADIT balance and Maui Electric does not concede to the CA's position.
- (2) Account descriptions have been updated for clarity and to reflect descriptions currently used for tax accrual purposes. Where possible, account descriptions as presented in prior regulatory filings were added in rate base adjustments.

**MAUI ELECTRIC COMPANY, LTD.**  
**ADIT Rate Base Adjustment for Additional CIS Carrying Costs**  
**2016**

	DR / (CR)	DR / (CR)	DR / (CR)	
	32.8947%	6.0150%	Total	
Add'l Debt	Def Fed	Def State	Def Tax	
2012 (1)	113,472	37,326	6,825	44,151
2013				
CIS interest (5/12 - 5/13) (1)	32,234	10,603	1,939	12,542
Total Additional Costs	145,706	47,929	8,764	56,693
CIS amort beg 6/13	(7,083)	(2,330)	(426)	(2,756)
Balance as of 12/31/13	138,623	45,599	8,338	53,937
2014 Amortization	(12,142)	(3,994)	(730)	(4,724)
Balance as of 12/31/14	126,481	41,605	7,608	49,213
2015 Amortization	(12,142)	(3,994)	(730)	(4,724)
Balance as of 12/31/15	114,339	37,611	6,878	44,489
2016 Amortization	(12,142)	(3,994)	(730)	(4,724)
Balance as of 12/31/16	102,197	33,617	6,148	39,765
	<i>MECO-WP-D4-001</i>	<i>MECO-WP-D4-001</i>	<i>MECO-WP-D4-001</i>	

The GL balance includes the AFUDC debt and the AFUDC additional debt.  
The Rate base balance includes just the AFUDC debt.  
The difference between GL and Rate base balance is the AFUDC additional debt.

**NOTE:**

**(1)** Differential between regular AFUDC debt incurred or allowed for regulatory purposes and AFUDC using full debt rate on allowed base (required for financial accounting, per PwC). Represents incremental AFUDC at full debt rate.

	<u>2012</u>	<u>2013</u>
AFUDC Debt - full debt	214,458	56,885
Less: AFUDC Debt	100,986	24,651
Base on which ADIT is calculated	<u>113,472</u>	<u>32,234</u>

Maui Electric Company, Limited  
Calculation of Composite Effective Income Tax Rates  
Federal and State

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

Federal Effective Income Tax Rate	32.8947368%
State Effective Income Tax Rate	6.0150376%
	<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 = 6.4%  
Federal Statutory Income Tax Rate = 35%

**Calculation of State Effective Income Tax Rate**

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

$$ST = .064 \times (1 - ST)$$

$$ST = .064 - .064(ST)$$

$$1.064(ST) = .064$$

$$ST = .060150376 \text{ or } 6.0150376\% \text{ of Pre-Tax Income}$$

**Calculation of Federal Effective Income Tax Rate**

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

$$FT = .35 \times (1 - ST)$$

$$FT = .35 \times (1 - .060150376)$$

$$FT = .35 - .0210526316$$

$$FT = .328947368 \text{ or } 32.8947368\% \text{ of Pre-Tax Income}$$

**MAUI ELECTRIC COMPANY, Ltd.**  
**TAX REPAIRS ADJUSTMENT**  
**2017**

			A	B	C = A x B	D = A - C
	<i>MECO-WP- F1-002 5-Year</i>		<i>MECO-WP- F1-001 pg.2</i>	<i>MECO-WP- F1-001 pg.2</i>	<i>MECO-WP- F1-001 pg.2</i>	<i>MECO-WP- F1-001 pg.2</i>
LIFE	AVERAGE	Plant Adds	Repairs Allocation	Repairs Deduction	Depreciable Basis	
Structural	39	956,086				
Steam Production	20	329,906	329,906	25.77%	85,024	244,882
Non-Steam Production	15	6,902,823	6,902,823	25.77%	1,779,010	5,123,813
ROW	50	94,676				
Transmission	20	2,928,728	2,928,728	41.29%	1,209,315	1,719,413
Transmission > 69kv	15	230,171	230,171	41.29%	95,041	135,130
Distribution	20	29,136,710	29,136,710	29.22%	8,513,627	20,623,083
Distribution - Street Lights	7	464,953	464,953	29.22%	135,857	329,096
Distribution - EV Fast Charger	7	9,789	9,789	29.22%	2,860	6,929
Computer Data	5	346,486				
Comp/Off/Furn/Tools	7	293,364				
Vehicles	-	956,222				
General	20	797,805				
Communication	20	1,448,977				
Land	-	(10,499)				
<b>TOTAL</b>		<u>44,886,197</u>	<u>40,003,080</u>		<u>11,820,734</u>	<u>28,182,346</u>
		<i>from Sch D2</i>			<i>to Sch F1</i>	

NOTE> This schedule calculates the estimated amount of deductible tax repairs related to 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 MECO-WP-F1-001, page 2.

**MAUI ELECTRIC COMPANY, LTD.  
REPAIRS DEDUCTION  
2017**

Repairs %: Note 1			<u>Distribution</u>	<u>Transmission</u>	<u>Generation</u>
Book basis repairs					
1	2012		5,320,976	1,284,956	1,532,518
2	2013		8,212,829	2,099,894	1,540,122
3	2014		14,013,631	1,683,160	3,499,360
4	2015		7,822,774	1,068,929	1,894,837
5	2016		7,892,808	384,840	1,571,238
6	Total book basis repairs		<u>43,263,018</u>	<u>6,521,779</u>	<u>10,038,075</u>
Book basis adds					
7	2012	MECO WP-F1-002	29,582,294	5,615,857	8,236,091
8	2013	MECO WP-F1-002	33,883,264	3,523,926	10,736,684
9	2014	MECO WP-F1-002	33,671,758	2,573,753	7,469,383
10	2015	MECO WP-F1-002	23,291,027	2,733,604	4,613,674
11	2016	MECO WP-F1-002	27,633,351	1,347,355	7,893,380
12	Total book basis adds		<u>148,061,694</u>	<u>15,794,495</u>	<u>38,949,212</u>
Repairs % (Line 6 / Line 12)			<b>29.219589%</b>	<b>41.291469%</b>	<b>25.772216%</b>

Note 1>

Price Waterhouse Coopers (PWC) assisted MECO 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.

MAUI ELECTRIC COMPANY, Ltd.  
BASELINE PLANT ADDITIONS BY TAX CLASSIFICATION

**Programs:**

Description	Life	2016	2015	2014	2013	2012	Less: Major Projects	Total	Average	% Average
Structural	39	-	-	-	166,307	165,830	-	332,137	66,427	0.33%
Steam Production	20	97,425	94,434	24,566	44,332	52,160	-	312,917	62,583	0.31%
Other Production	15	504,666	518,990	438,231	125,953	94,925	-	1,682,765	336,553	1.66%
Right of Way	50	106,996	102,817	82,351	88,340	59,067	-	449,571	89,914	0.44%
Transmission	20	526,860	418,860	482,017	744,297	1,000,184	-	3,170,218	634,044	3.13%
Transmission >69kv	15	(79,091)	86,897	-	-	-	-	7,806	1,561	0.01%
Distribution	20	12,557,923	14,071,211	23,908,822	18,655,863	16,924,355	-	88,118,174	17,223,635	85.01%
Distribution - Street Lights	7	567,346	754,399	297,151	158,125	84,551	-	1,861,572	372,314	1.84%
Computers	5	97,571	38,043	114,774	157,187	-	-	407,575	81,515	0.40%
Office Furniture & Eq	7	85,495	604,447	690,592	1,867	4,126	-	1,386,527	277,305	1.37%
Transportation		692	840,243	1,109,813	1,143,803	812,971	-	3,907,622	781,524	3.86%
General	20	322,823	68,856	125,820	674,966	226,832	-	1,419,297	283,859	1.40%
Communications	20	133,437	115,517	56,599	(18,541)	9,400	-	296,412	59,282	0.29%
Land		(22,272)	677	(30,898)	-	-	-	(52,493)	(10,499)	-0.05%
<b>Total - Programs</b>		<b>14,899,871</b>	<b>17,713,391</b>	<b>27,309,838</b>	<b>21,942,599</b>	<b>19,434,401</b>	<b>-</b>	<b>101,300,100</b>	<b>20,260,017</b>	<b>100.00%</b>

**Projects:**

Description	Life	2016	2015	2014	2013	2012	Less: Major Projects	Total	Average	% Average
Structural	39	467,558	87,886	252,940	2,076,141	1,563,770	-	4,448,295	889,659	3.61%
Steam Production	20	57,774	467,182	451,191	219,839	140,627	-	1,336,613	267,323	1.09%
Other Production	15	7,233,515	3,533,068	6,555,395	10,346,560	7,948,379	(2,785,567) (1)	32,831,350	6,566,270	28.66%
Right of Way	50	-	-	5,696	2,494	15,617	-	23,807	4,762	0.02%
Transmission	20	883,143	1,103,239	2,091,736	2,779,629	4,615,673	-	11,473,420	2,294,684	9.32%
Transmission >69kv	15	16,443	1,126,608	-	-	-	-	1,143,051	228,610	0.93%
Distribution	20	14,487,207	6,313,036	9,280,483	14,957,425	12,531,660	(4,435) (2)	59,565,376	11,913,075	48.38%
Distribution - Street Lights	7	20,875	152,381	185,304	62,907	41,728	-	463,195	92,639	0.38%
Distribution - EV Fast Charger	7	-	-	-	48,944	-	-	48,944	9,789	0.04%
Computers	5	-	7,552	446,767	664,400	206,134	-	1,324,853	264,971	1.08%
Office Furniture & Eq	7	-	80,288	-	-	-	-	80,288	16,059	0.07%
Transportation		-	-	-	643,277	230,213	-	873,490	174,698	0.71%
General	20	(10,538)	371,601	1,742,078	90,748	375,841	-	2,569,730	513,946	2.09%
Communication	20	14,617	312,625	1,310,885	4,138,147	1,172,199	-	6,948,473	1,389,695	5.64%
<b>Total - Projects</b>		<b>23,170,594</b>	<b>15,555,466</b>	<b>22,322,474</b>	<b>36,030,511</b>	<b>28,841,841</b>	<b>(2,790,002)</b>	<b>123,130,884</b>	<b>24,626,180</b>	<b>100.00%</b>
<b>Total</b>		<b>38,070,465</b>	<b>33,268,857</b>	<b>49,632,312</b>	<b>57,973,110</b>	<b>48,276,242</b>	<b>(2,790,002)</b>	<b>224,430,984</b>	<b>44,886,197</b>	

Summary	Life	2016	2015	2014	2013	2012	Total Average	Allocation %
Structural	39	467,558	87,886	252,940	2,242,448	1,729,600	956,086	2.13%
Steam Production	20	155,189	561,616	475,757	264,171	192,787	328,906	0.74%
Other Production	15	7,738,181	4,052,058	6,993,626	10,472,513	8,043,304	6,902,823	15.38%
Right of Way	50	106,996	102,817	88,048	90,834	74,684	94,676	0.21%
Transmission	20	1,410,003	1,520,099	2,573,753	3,523,926	5,615,857	2,928,728	6.52%
Transmission >69kv	15	(82,648)	1,213,505	-	-	-	230,171	0.51%
Distribution	20	27,045,130	22,384,247	33,189,304	33,613,288	29,456,015	29,136,710	64.91%
Distribution - Street Lights	7	588,221	908,780	482,454	221,032	126,279	464,953	1.04%
Distribution - EV Fast Charger	7	-	-	-	48,944	-	9,789	0.02%
Computers	5	97,571	45,595	561,542	821,587	206,134	346,486	0.77%
Office Furniture & Eq	7	85,495	684,735	690,592	1,867	4,126	293,364	0.65%
Transportation		692	840,243	1,109,813	1,787,180	1,043,184	956,222	2.13%
General	20	312,285	440,457	1,867,898	765,714	602,673	797,805	1.78%
Communication	20	148,054	428,142	1,367,483	4,119,608	1,181,599	1,448,977	3.23%
Land		(22,272)	677	(30,898)	-	-	(10,499)	-0.02%
<b>Total - Programs &amp; Projects</b>		<b>38,070,465</b>	<b>33,268,857</b>	<b>49,632,312</b>	<b>57,973,110</b>	<b>48,276,242</b>	<b>44,886,197</b>	<b>100.00%</b>

Total (net of Major Projects) 44,886,197 100.00%  
WP-F1-001 p. 1

**Notes:**

<u>Major Projects</u>	<u>Plant Additions</u>
(1) M16 Capital Overhaul	2,865,973 Schedule D2 (2013)
M16 Capital Overhaul adjustment	(80,406) Schedule D2 (2014)
	<b>Total 2,785,567</b>
(2) 6th Increment Distribution Rebuild - 2015	4,435 Schedule D2 (2015)
	<b>Total 4,435</b>

MAUI ELECTRIC COMPANY, LIMITED  
AVERAGE RATE BASE AND RATE OF RETURN  
(\$ Thousands)

RATE BASE	Reference	Month End	
		Dec-16	Dec-15
TOTAL UTILITY PLANT	Note (2), p. 8	652,897	632,805
Adjustments:			
Construction Work in Progress	Note (2), p. 8	(19,038)	(15,875)
Retirement Work in Progress	Note (2), p. 8	(2,492)	(2,293)
Asset Retirement Obligation	Note (2), p. 10	(256)	(256)
Regulatory Liability for Cost of Removal	Note (2), p. 10	(29,061)	(28,414)
DEPRECIATED COST OF UTILITY PLANT IN SERVICE *	Note 1	602,051	585,967
REGULATORY ASSETS - SFAS 109	Note (2), p. 9	8,478	8,276
REG ASSET- CONTRIB vs. NPPC	GL #18676030	3,100	3,100
REGULATORY ASSET - PENSION NPPC vs. Rates	GL #18676040	12,540	12,424
REGULATORY ASSET - OPEB NPBC vs. Rates	GL #18677040	76	135
MATERIALS & SUPPLIES INVENTORIES	Note (2), p. 8	16,025	16,212
FUEL STOCK	Note (2), p. 8	10,948	13,437
UNAMORTIZED DEFERRED IVR	GL #18670400	224	247
UNAMORTIZED DEFERRED HR SUITE-PHASE 1	GL #186060	604	731
UNAMORTIZED DEFERRED BUDGET SYSTEM PROJECT	GL#186077	220	251
UNAMORTIZED DEFERRED CIS COSTS	MECO-WP-D1-001	1,962	2,195
CHP LEASE RECEIVABLE, NET	Note (3)	1,611	1,611
WORKING CASH:	MECO-WP-H-006	4,868	6,048
DEDUCTIONS:			
Unamortized Contributions in Aid of Construction	Note (2), p. 10	97,870	91,062
Customer Advances for Construction	Note (2), p. 10	6,801	5,900
Deferred Income Taxes	Sch. D1 Note (1)	111,221	99,407
Unamortized Investment Tax Cr - 1962 Revenue Act & STC	GL #255200	14,599	14,205
Customer Deposits	GL #23501000	2,883	3,662
Regulatory Liability other	GL #'25400007/25400010	93	93
Regulatory Liability Tracker True-up	GL#25400004	0	0
Regulatory Liability OPEB True-up	GL #25400002	2,594	1,941
TOTAL DEDUCTIONS		236,060	216,269
MONTH ENDED RATE BASE		426,647	434,365
SIMPLE AVERAGE RATE BASE		430,506	

To Schedule H Line 1(d)

Notes:

- (1) Includes Property Held for Future Use balance of \$1,302,500 at December 31, 2016 and 2015.  
(2) See Maui Electric Company, Ltd. Monthly Financial Report - December 2016, page 8, 9 or 10, filed February 24, 2017.  
Note that Materials & Supplies inventory includes an adjustment of (\$233) representing payment lag in 2016 and Fuel Stock excludes Hana inventory balance of \$14 for 2016 and 2015, respectively.  
(3) CHP Lease Receivable, net is computed as follows:

CHP Lease Receivable			
Current	17401800	-	-
Non-current	18601800	4,477	4,477
CHP Unearned Interest			
Current	24201800	(321)	(321)
Non-current	25301800	(2,546)	(2,546)
		1,611	1,611

Earnings Sharing Mechanism  
Interest on Customer Deposit Correction

**Background**

Under Rule No. 6, the Company may require customers to provide a deposit intended to guarantee payment of bills for electric service. Cash deposits accrue simple annual interest at a rate of 6%. The interest is a company expense.

In July 2016, the Companies found that the interest expense being accrued for financial statement purposes had erroneously been overstated since May 2012. The overstatement resulted from incorrect programing of a report developed when the Customer Information System was implemented. The report miscalculated accrued interest on released deposits and for deposits that had been transferred to the new Customer Information System.

The following table summarizes the interest expense overstatement by year and by company:

Company	2012	2013	2014	2015	2016	Total
Hawaiian Electric	52,794	172,284	328,193	531,054	304,398	1,388,723
Hawaii Electric Light	15,744	42,584	73,925	113,423	56,596	302,272
Maui Electric	20,365	51,289	89,131	117,396	52,652	330,833
Total	88,904	266,158	491,249	761,873	413,645	2,021,828

**Impact of Error**

No customers were directly impacted by the error. Internal financial controls for this area have been reviewed and strengthened.

The error resulted in an immaterial overstatement of interest expense for financial reporting purposes. The misstatement was deemed immaterial and no prior period adjustment was warranted, as the adjustment was not material, individually or in the aggregate, to previously issued financial statements. The correction was reflected as a reduction in interest expense in 2016.

The immaterial overstatement of interest expense in the period 2012-2015 resulted in immaterial understatements of the Earnings Sharing Mechanism (“ESM”). Adjusting for the interest expense did not impact the ESM in the years which the ESM was not triggered; however, in the years that the ESM was previously triggered [2012 for Hawaiian Electric and 2013 and 2014 for Maui Electric], the amount of the ESM would have been slightly higher. The following summarizes the return on equity for ESM purposes with the adjustment to interest expense reflected in the respective year and company:

Company	ROE Trigger	2012	2013	2014	2015
Hawaiian Electric	10.0	10.70	8.96	9.87	9.23
Hawaii Electric Light	10.0	7.79	7.47	6.67	7.51
Maui Electric	9.0	6.70	9.36	9.50	8.79

The adjustments to the ESM are summarized below:

Company (\$000)	2012	2013	2014	2015	Total
Hawaiian Electric	14	-	-	-	14
Hawaii Electric Light	-	-	-	-	-
Maui Electric	-	14	24	-	38

The amount on Schedule H1, line 31 reflects the Additional Earnings Sharing Revenue Credits that will be offset against the Total RBA Revenue Adjustment on Schedule A. The RBA language does not specifically address corrections to a prior period where the ESM was triggered. However, the Company is applying interest using the-short term debt rate of 1.25%, on a compounded basis.

Maui Electric Company, Ltd.  
Ratemaking Adjustments for Incentive Compensation and Other Non-Recoverable Expenses

Line	Description	Account/Activity No.	2016	Net of Tax @ 38.91%	Rounded 000s	Schedule H Reference
1	<u>Executive Compensation and Incentive Compensation</u>					
2	LTIP and EICP expense (credit)	M8M723MAUNENMAZZZZZ900	205,414			
3	LTIP share expense	MAA700MAUNENMAZZZZZ900	94,313			
4	Other incentive awards	M8M723MAUNENMAZZZZZ900	72,935			
5	HEI charges for incentive compensation	Provided by HEI	67,469			
6	Subtotal		440,132	268,877	269	↔ Line 2a
7						
8	<u>Discretionary and Other Expenses Not Recoverable</u>					
9	Executive Life expense <i>not tax deduct</i>	HR000120	(50,932)			
10	Executive Life in OPEB	Provided by HEI	54,646			
11	HEIRS	HR000067, HR000089, HR000143	53,974			
12	EEI Dues (allowed portion) <i>not tax deduct</i>	Invoiced amount allocated to MECO	10,400			
	HEI charges for non-incentive compensation and outside services (plan admin, legal fees, audit fees) - Executives	Provided by HEI	57,768			
13	Service awards	AD000249	1,274			
14	Costs associated with restatement of financial statements	HECO FI002227	1,345			
15	Subtotal		128,474	62,714	63	↔ Line 2b
16						
17						
18	Total adjustment to operating income		568,606	331,592		

**Maui Electric Company, Limited**  
**Income Tax on Items to be Replaced by Synchronized Interest**

<u>Line</u>	<u>Description</u>	<u>Source</u>	<u>2015</u>	<u>Rounded 000s</u>	<u>Schedule H Reference</u>
1	Total Interest Charges	Dec. 2016 PUC report	\$ 9,549,826		
2					
3	Less:				
4	Interest on Customer Deposits	Account 43105000	87,194		
5	AFUDC-Debt	NARUC 420030	(365,715)		
6					
7	Add:				
8	Amort of Inv Inc Differential	NARUC 403030	<u>10,662</u>	11	⇒ Line 2c
9					
10	Total		<u>9,281,967</u>		
11		Tax rate	<u>38.91%</u>		
12					
13			3,611,613	(3,612)	⇒ Line 2d

MAUI ELECTRIC COMPANY, LIMITED  
Ratemaking Capitalization  
2016

	Simple Average Balance* (\$ Thousands)	Ratios	Cost Rate	Weighted Cost of Debt
	MECO-WP-H-005			
Short-Term Debt	0	0.00%	0.00%	0.00%
Long-Term Debt	178,306	39.26%	4.97%	1.95%
Hybrid Securities	9,517	2.10%	7.21%	0.15%
Preferred Stock	4,784	1.05%	8.18%	0.09%
Common Equity	261,522	57.59%	9.00%	5.18%
	<u>454,129</u>	<u>100.00%</u>		<u>7.37%</u>

	NARUC/ GL Code	YTD Dec 2016	Rounded (000s)	Cost Rate
Short-Term Debt:				
Interest on Debt Assoc Co	430	650,000		
Less: Interest on QUIDS	43006000	(650,000)		
Int Exp-Commercial Paper	43100000	0		
Int Inc-Assoc Cos.	419300	(44,936)		
		<u>(44,936)</u>	-45	0.00%
Long-Term Debt:				
Amort of Debt Disc & Exp	428	484,106		
Less: Hybrid Sec Amort of Iss Exp	see a below	(36,168)		
Interest on Long-Term Debt	427	8,395,697		
Int Exp-SCF Loans	43108000	0		
Amort Inv Inc Differential	403030	10,662		
		<u>8,854,298</u>	8,854	4.97%
Hybrid Securities:				
Interest on QUIDS	43006000	650,000		
Amort Exp-QUID1 Iss Exp	428QUID1	13,548		
Amort Exp-QUID2 Iss Exp	428QUID2	12,252		
Amort Exp-QUID3 Iss Exp	428QUID3	10,368		
Equity in Net Inc of Trust	421070	0		
		<u>686,168</u>	686	7.21%
Preferred Stock:				
Amort of Pfd Stk Iss Exp	42501000	10,060		
Preferred Stock dividends	437	381,240		
		<u>391,300</u>	391	8.18%
Common Equity: D&O 31288 in Dkt No. 2011-0092 filed May 31, 2013				9.00%

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

**Maui Electric Company, Limited**  
**Rate Making Capitalization**  
**December 31, 2016**

	(a)	(b)	(c)	(d)
	Description	Reference	12/31/2016	12/31/2015
1	<u>Long-Term Debt</u>	PUC Monthly Fin'l Report	\$ 181,000,000	\$ 181,000,000
2				
3	Unamortized Costs:			
4	Unamortized Debt Exp	1811	(913,847)	(1,105,490)
5	Unamortized Debt Discount	1812	-	-
6	Reg Asset-Debt Exp	186710	(1,953,532)	(2,244,862)
7	Hybrid Securities	186715,186716,181442	464,739	500,907
8				
9	Investment Income Differential	2531	(3,160)	(3,317)
10	Reg Asset-Inv Inc Differential	186750	(59,027)	(69,739)
11				
12	NET LONG-TERM DEBT		<u>178,535,172</u>	<u>178,077,499</u>
13				
14	Simple Average Long-term Debt		<u>\$ 178,306,337</u>	MECO-WP-H-004
15				
16				
17	<u>Hybrid Securities</u>	PUC Monthly Fin'l Report	\$ 10,000,000	\$ 10,000,000
18				
19	Unamortized Costs:			
20	QUIDS 1	186715	(138,867)	(152,415)
21	QUIDS 2	186716	(147,024)	(159,276)
22	QUIDS 3	181442	(178,848)	(189,216)
23				
24				
25	NET Hybrid Securities		<u>\$ 9,535,261</u>	<u>\$ 9,499,093</u>
26				
27	Simple Average Hybrid Securities		<u>\$ 9,517,177</u>	MECO-WP-H-004
28				
29				
30	<u>Preferred Stock</u>	PUC Monthly Fin'l Report	\$ 5,000,000	\$ 5,000,000
31				
32	Unamortized Costs:			
33	Preferred Stock Expense	2143	(90,389)	(90,389)
34	Reg Asset-Preferred Stock Expense	186740	(120,726)	(130,787)
35				
36	NET Preferred Stock		<u>4,788,885</u>	<u>4,778,824</u>
37				
38	Simple Average Preferred Stock		<u>\$ 4,783,855</u>	MECO-WP-H-004
39				
40				
41	<u>Common Equity</u>	PUC Monthly Fin'l Report	\$ 259,554,022	\$ 263,725,224
42				
43	Unamortized Costs:			
44	Preferred Stock Expense	2143	90,389	90,389
45	AOCI	211	(184,901)	(230,582)
46				
47	NET Common Equity		<u>\$ 259,459,510</u>	<u>\$ 263,585,031</u>
48				
49	Simple Average Common Equity		<u>\$ 261,522,271</u>	MECO-WP-H-004

Maui Electric Company, Limited  
Rate Making Capitalization  
December 31, 2016

	(a)	(b)	(c)
	Description	Reference	12/31/2016
	<u>Short-Term Debt*</u>		
1			
2	Balance at		
3	1/31/2016	PUC Monthly Fin'l Report	\$ -
4	2/28/2016		-
5	3/31/2016		-
6	4/30/2016		-
7	5/31/2016		-
8	6/30/2016		-
9	7/31/2016		-
10	8/31/2016		-
11	9/30/2016		-
12	10/31/2016		-
13	11/30/2016		-
14	12/31/2016		-
15	Average		\$ -

MECO-WP-H-004

\* Short-term debt is based on a 12 month average (i.e., average of balance at January 31, 2016 through December 31, 2016).

MAUI ELECTRIC COMPANY, LIMITED  
WORKING CASH  
2016

Line No.	Description (a)	Reference (b)	2016 (c)	Net Collection (d) Note (1)	Amount (e)=(c)/365x(d)
1	Fuel Oil				
2	Maui	GL #501 and 547	85,935,143	22.6	5,320,916
3	Lanai	GL #547L	4,454,560	17.7	216,016
4	Molokai	GL #547M	3,846,329	18.7	197,059
5					
6	Purchased Power				
7	Maui	GL #555 and 55508M	50,080,158	-5.9	(809,515)
8	Lanai	GL #555L	632,478	-11.2	(19,408)
9					
10	Current Income Taxes				
11	Income Tax	PUC Monthly Fin'l Rpt pg 2	431,605		
12	Reversal of Tax Related to Int Synch Replacement	Sch H-Line 2d	3,611,592		
13	Tax Eff of AFUDC Equity	GL #420100	(573,659)		
14	Tax Related to Int Synch	Sch H Line 13 - Line 13a	(3,519,288)		
15	Total	Sum of Lines 11 - 14	(49,749)	-3.2	436
16					
17	Revenue Taxes				
18	Franchise				
19	Maui	GL #40801000	7,183,727		
20	Lanai	GL #40801L00	251,703		
21	Molokai	GL #40801M00	222,416		
22	PSC				
23	Maui	GL #40802000	17,203,021		
24	Lanai	GL #40802L00	601,055		
25	Molokai	GL #40802M00	536,473		
26	PUC Fee				
27	Maui	GL #40803000	1,461,599		
28	Lanai	GL #40803L00	51,067		
29	Molokai	GL #40803M00	45,580		
30	Total	Sum of Lines 19 - 29	27,556,642	-50.5	(3,812,631)
31					
32	Total Operations	Trial Balance p. 21	46,962,031		
33	Total Maintenance	Trial Balance p. 21	21,426,864		
34	Total O&M		68,388,895		
35	Total O&M Labor	Labor in O&M report	21,079,242	23.9	1,380,257
36	O&M Non-Labor	Line 34 - Line 35	47,309,652		
37	Bad Debt Expense	GL #904	(188,078)		
38	Pension Reg Asset/Liab Amort	MECO-WP-H006 pg.2	(752,984)		
39	OPEB Reg Asset/Liab Amort	MECO-WP-H006 pg.2	(44,876)		
40	Sys Develop Amortization	MECO-WP-H006 pg.2	(394,301)		
41	Payroll Taxes	GL #408050/L/M	1,659,236		
42	Interest on Customer Deposits	GL #43105000	(87,194)		
43	Total O&M Non-Labor	Sum of Lines 36 - 42	47,501,455	18.4	2,394,594
44					
45	Working Cash	Sum of Lines 2 - 4, 7 - 8, 15, 30, 35, 43			<u>4,867,724</u>

Footnotes:

- 1 Docket No. 2011-0092, Exhibit 1A, p. 13, 26 & 39 of MECO Revised Results of Operations, Tariff Sheets and Refund Plan, filed on June 17, 2013

MAUI ELECTRIC COMPANY, LIMITED  
O&M Non-Labor  
2016

**Pension Regulatory Asset Amortization**

18676040

990,768

O&M %  
Portion  
76.00%  
*Note 1*

**752,984**

**OPEB Regulatory Asset Amortization**

18677040

59,048

O&M %  
Portion  
76.00%  
*Note 1*

**44,876**

**System Development Amortization**

<u>18605005</u>	<u>18606004</u>	<u>18607704</u>	<u>18670400</u>	
<u>CIS</u>	<u>HRS Ph 1</u>	<u>Budg. Sys.</u>	<u>IVR</u>	<u>Total</u>
212,630	127,264	31,074	23,333	<b>394,301</b>

Footnote:

1 MECO 2012 TY Rate Case, Docket No. 2011-0092, MECO-RWP-1707

**MAUI ELECTRIC COMPANY, LIMITED**  
**Earning Sharing Credits Recorded (net of tax)**  
**2016**

Earnings Sharing Credits Recorded	\$	-
True-up (March 2015)		-
Revenue Taxes @ 8.885%		-
		<hr/>
Income Taxes @38.9097744%		-
Reduction to operating income	\$	-

Earnings Sharing Mechanism  
Cost of Capital

**Cost of capital methodology consistently used in Earnings Sharing Mechanism actual filings and reviewed by Office of Consumer Advocacy and reviewed and approved by the Public Utilities Commission have been based on the actual cost of capital**

In 2010, the PUC issued an order approving decoupling, which was implemented by Hawaiian Electric on March 1, 2011, by Hawaii Electric Light on April 9, 2012 and by Maui Electric on May 4, 2012. The Earnings Sharing Mechanism (“ESM”) calculations became applicable for each of the respective companies, in the year following decoupling implementation. Therefore, the first ESM filings were in the 2012 Annual Filing for Hawaiian Electric and 2013 Annual Filings for Hawaii Electric Light and Maui Electric. ESM calculations in the Annual Filing are for the preceding calendar year.

All ESM calculations filed have incorporated the actual recorded cost of capital for ratemaking purposes. The treatment is thought to be based on discussions held in the 2011 timeframe; however the Companies are unable to locate any documentation of this approach.

**Use of the actual cost of capital has resulted in capital cost savings being passed to customers via the ESM**

Customers have paid lower rates as a result of lower interest rates which have been passed through the ESM. In most cases, the return on equity calculated using the last test year would have been lower than the return on equity which was filed based on actual financing rates and weights. If the rate case cost of capital had been used in the ESM calculation:

- The Hawaiian Electric 2012 ESM would have been \$1.8 million lower.
- Maui Electric would not have triggered the 2013 ESM (as opposed to the ESM of \$0.4 million).
- The Maui Electric 2014 ESM would have been \$0.2 million lower.

Summary - Ratemaking Rate of Return for Earnings Sharing Mechanism

	HECO		HELCO		MECO	
	Filed	Revised	Filed	Revised	Filed	Revised
Dec 2011	8.03%	7.71%				
Dec 2012	10.70%	10.21% (A)	7.79%	7.75%	6.69%	6.73%
Dec 2013	8.95%	8.59%	7.46%	7.39%	9.35%	8.92% (B)
Dec 2014	9.85%	9.52%	6.65%	6.59%	9.47%	9.26% (C)
Dec 2015	9.20%	8.89%	7.49%	7.22%	8.76%	8.77%
	ESM - filed	ESM - revised	Diff			
(A) - HE	2,586.19	814.27	1,771.92			
(B) - ME	366.71		366.71			
(C) - ME	520.522	285.937	234.59			
Total	3,473.42	1,100.21	2,373.22			

Only the MECO 2012 and 2015 ROE calculations would be slightly higher using actual financing rates and weights. In both years, the higher ROE rates using the rate case cost of capital (6.73% in 2012 and 8.77% in 2015) are still lower than the 9.0% ROE allowed and still would not have triggered an ESM credit.

See attached back-up calculations.

#### **Proposed clarification within the tariff**

In researching, the basis for the cost of capital for the ESM calculations, the Companies found that the Commission decision in Final Decision and Order filed August 31, 2010 in Docket No. 2008-0274, the Order states:

“Capital ratios and costs rates will be retained as authorized in either the most recently issued rate case interim or final decision, and synchronized interest will be updated using methods employed in that last rate case for purposes of the earnings sharing mechanism.”<sup>1</sup>

The methodology was adopted as proposed in the Joint Final Statement of Position of the HECO Companies and Consumer Advocate filed May 11, 2009 in Docket No. 2008-0274. The identical statement can be found in the Joint Final Statement of Position p. 19.

As discussed above, however, the practice has been to use the actual cost of capital in calculating the ESM. This practice has resulted in greater savings to customers than using the cost of capital from the last rate case.

In order to clarify that actual cost of capital should be used in the ESM calculation, the Companies propose to add clarifying language in the tariff. Please see the redline version of the tariff in Attachment 1A which specifies that the cost of capital for the ESM calculation is based on actuals.

---

<sup>1</sup> Final Decision and Order and Dissenting Opinion of Leslie H. Kondo, Commissioner filed August 31, 2010 in Docket No. 2008-0274, Instituting a Proceeding to Investigate Implementing a Decoupling Mechanism for Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc. and Maui Electric Company, Limited, p. 61.

**MAUI ELECTRIC COMPANY, LTD.**  
**Summary of Calculated Rate of Return Differences**

	Actual (Filed) <sup>1</sup>	Rate Case Cost of Capital	Reference
Dec 2012	6.69%	6.73%	page 4
Dec 2013	9.35%	8.92%	page 5
Dec 2014	9.47%	9.26%	page 6
Dec 2015	8.76%	8.77%	page 7

Note 1: Rate of return calculated and filed in Schedule H per the respective annual filing.

ILLUSTRATION BASED ON RATE CASE COST OF CAPITAL

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**EARNINGS SHARING CALCULATIONS**  
All Amounts \$000 (Except %)

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 b/4 ratemaking adj.	PUC Report, p. 2A and MECO-WP-H-001	\$ 24,150	\$ 402,974	
2	<u>Ratemaking Adjustments to Line 1:</u>				
2a	Incentive Compensation Expenses (net of tax)	MECO-WP-H-002	144		
2b	Discretionary and Other Expenses Not Recoverable (net of tax)	MECO-WP-H-002	58		
2c	Amortization of investment income differential	MECO-WP-H-003	9		
2d	Income tax on items to be replaced by synchronized interest	MECO-WP-H-003	(3,303)		
3	Ratemaking Basis Amounts - Post Tax	Sum Lines 1 & 2	\$ 21,058	\$ 402,974	
4	<u>Ratemaking Capitalization</u>	Balances	Ratios	Cost Rate <sup>(9)</sup>	Weighted Cost
<i>Decision and Order No. 31288, Docket No. 2011-0092</i>					
5	Short-Term Debt (12 mo. Avg)	\$ 5,003	1.23%	1.25%	0.02%
6	Long-Term Debt (Simple Avg)	\$ 156,370	38.44%	5.06%	1.95%
7	Hybrid Securities (Simple Avg)	\$ 9,373	2.30%	7.32%	0.17%
8	Preferred Stock (Simple Avg)	\$ 4,744	1.17%	8.25%	0.10%
9	Common Equity (Simple Avg)	\$ 231,310	56.86%	9.00%	5.12%
10	Total Capitalization	\$ 406,800	100.00%		7.34%
11	Line 3 Rate Base Amount			\$ 402,974	
12	Weighted Cost of Debt			2.13%	
13	Synchronized Interest Expense			\$ 8,580	
	Income Tax Factor			1.636929121	
13a	Synchronized Interest Expense, net of tax			\$ 5,241	
14	Post Tax Income Available for Preferred & Common (Line 3 - Line 13a)				\$ 15,817
17	Less: Preferred Income Requirement (Line 8 Weighted Cost times Rate Base)				388
18	Income Available for Common Stock				\$ 15,429
19	Ratemaking Equity Investment (Line 9 Ratio times Rate Base)				229,135
20	Return on Equity for Decoupling Earnings Sharing				6.73%
21	<u>Earnings Sharing Revenue Credits:</u>		Basis Points		
22	Achieved ROE (basis points)				673
23	Authorized Return (basis points) (D&O 31288 in Dkt No. 2011-0092 filed May 31, 2013)				900
24	ROE for sharing (basis points)				-
25	Sharing Grid per RAM Provision	First 100 bp	Next 200 bp	All over 300 bp	Ratepayer Total
26	Distribution of Excess ROE (basis points)	0	0	0	
27	Ratepayer Share of Excess Earnings	25%	50%	90%	
28	Ratepayer Earnings Share - Basis Points	-	-	-	-
29	Revenue Credit per Basis Point (Note 2)				\$ 41
30	Earnings Sharing Revenue Credits (thousands)				\$ -
<b>Footnotes:</b>					
1	Composite Federal & State Income Tax Rate			38.91%	
	Income Tax Factor ( 1 / 1-tax rate)			1.636929121	
2	Ratemaking Equity Investment (line 19)		\$ 229,135		
	Basis Point = 1/100 of a percent			0.01%	
	Earnings Required per Basis Point (thousands)		\$ 22.91		
	Times: Income Tax Conversion Factor			1.636929121	
	Pretax Income Required per Basis Point (thousands)		\$ 38		
	Times: Revenue Tax Conversion Factor			1.0975	
	Revenue Requirement per Basis Point (thousands)		\$ 41		

ILLUSTRATION BASED ON RATE CASE COST OF CAPITAL

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**EARNINGS SHARING CALCULATIONS**  
All Amounts \$000 (Except %)

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.	PUC Report, p. 2A and MECO-WP-H-001	\$ 30,063	\$ 420,596	
2	<u>Ratemaking Adjustments to Line 1:</u>				
2a	Incentive Compensation Expenses (net of tax)	MECO-WP-H-002	295		
2b	Discretionary and Other Expenses Not Recoverable (net of tax)	MECO-WP-H-002	146		
2c	Amortization of investment income differential	MECO-WP-H-003	11		
2d	Income tax on items to be replaced by synchronized interest	MECO-WP-H-003	(3,510)		
2e	Remove Accrued Earnings Sharing Refund	MECO-WP-H-006	202		
3	Ratemaking Basis Amounts - Post Tax	Sum Lines 1 & 2	\$ 27,206	\$ 420,596	
4	<u>Ratemaking Capitalization</u>	Balances	Ratios	Cost Rate	Weighted Cost
	<u>Decision and Order No. 31288, Docket No. 2011-0092</u>				
5	Short-Term Debt (12 mo. Avg)	\$ 5,003	1.23%	1.25%	0.02%
6	Long-Term Debt (Simple Avg)	\$ 156,370	38.44%	5.08%	1.95%
7	Hybrid Securities (Simple Avg)	\$ 9,373	2.30%	7.32%	0.17%
8	Preferred Stock (Simple Avg)	\$ 4,744	1.17%	8.25%	0.10%
9	Common Equity (Simple Avg)	\$ 231,310	56.86%	9.00%	5.12%
10	Total Capitalization	\$ 406,800	100.00%		7.34%
11	Line 3 Rate Base Amount			\$ 420,596	
12	Weighted Cost of Debt			2.13%	
13	Synchronized Interest Expense			\$ 8,955	
	Income Tax Factor			1.636929121	
13a	Synchronized Interest Expense, net of tax			\$ 5,470	
14	Post Tax Income Available for Preferred & Common (Line 3 - Line 13a)				\$ 21,736
17	Less: Preferred Income Requirement (Line 8 Weighted Cost times Rate Base)				405
18	Income Available for Common Stock				\$ 21,331
19	Ratemaking Equity Investment (Line 9 Ratio times Rate Base)				239,155
20	Return on Equity for Decoupling Earnings Sharing				8.92%
21	<u>Earnings Sharing Revenue Credits:</u>		Basis Points		
22	Achieved ROE (basis points)		892		
23	Authorized Return (basis points) (D&O 31288 in Dkt No. 2011-0092 filed May 31, 2013)		900		
24	ROE for sharing (basis points)		-		
25	Sharing Grid per RAM Provision	First 100 bp	Next 200 bp	All over 300 bp	Ratepayer Total
26	Distribution of Excess ROE (basis points)	0	0	0	
27	Ratepayer Share of Excess Earnings	25%	50%	90%	
28	Ratepayer Earnings Share - Basis Points				
29	Revenue Credit per Basis Point (Note 2)				\$ 43
30	Earnings Sharing Revenue Credits (thousands)				\$ -
Footnotes:					
1	Composite Federal & State Income Tax Rate		38.91%		
	Income Tax Factor ( 1 / 1-tax rate)		1.636929121		
2	Ratemaking Equity Investment (line 19)		\$ 239,155		
	Basis Point = 1/100 of a percent		0.01%		
	Earnings Required per Basis Point (thousands)		\$ 23,92		
	Times: Income Tax Conversion Factor		1.636929121		
	Pretax Income Required per Basis Point (thousands)		\$ 39		
	Times: Revenue Tax Conversion Factor		1.0975		
	Revenue Requirement per Basis Point (thousands)		\$ 43		

ILLUSTRATION BASED ON RATE CASE COST OF CAPITAL

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**EARNINGS SHARING CALCULATIONS**  
All Amounts \$000 (Except %)

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.	PUC Report, p. 2A and MECO-WP-H-001	\$ 31,940	\$ 439,038	
2	<u>Ratemaking Adjustments to Line 1:</u>				
2a	Incentive Compensation Expenses (net of tax)	MECO-WP-H-002	519		
2b	Discretionary and Other Expenses Not Recoverable (net of tax)	MECO-WP-H-002	183		
2c	Amortization of investment income differential	MECO-WP-H-003	11		
2d	Income tax on items to be replaced by synchronized interest	MECO-WP-H-003	(3,699)		
2e	Remove Accrued Earnings Sharing Refund	MECO-WP-H-006	283		
3	Ratemaking Basis Amounts - Post Tax	Sum Lines 1 & 2	\$ 29,237	\$ 439,038	
4	<u>Ratemaking Capitalization</u>		Balances	Ratios	Cost Rate
	<i>Decision and Order No. 31288, Docket No. 2011-0092</i>				Weighted Cost
5	Short-Term Debt (12 mo. Avg)		\$ 5,003	1.23%	1.25%
6	Long-Term Debt (Simple Avg)		\$ 156,370	38.44%	5.06%
7	Hybrid Securities (Simple Avg)		\$ 9,373	2.30%	7.32%
8	Preferred Stock (Simple Avg)		\$ 4,744	1.17%	8.25%
9	Common Equity (Simple Avg)		\$ 231,310	56.86%	9.00%
10	Total Capitalization	MECO-WP-H-004	\$ 406,800	100.00%	7.34%
11	Line 3 Rate Base Amount				\$ 439,038
12	Weighted Cost of Debt	Sum lines 5-7			2.13%
13	Synchronized Interest Expense				\$ 9,347
	Income Tax Factor	Note 1			1.6369
13a	Synchronized Interest Expense, net of tax				\$ 5,710
14	Post Tax Income Available for Preferred & Common (Line 3 - Line 13a)				\$ 23,527
17	Less: Preferred Income Requirement (Line 8 Weighted Cost times Rate Base)				\$ 422
18	Income Available for Common Stock				\$ 23,104
19	Ratemaking Equity Investment (Line 9 Ratio times Rate Base)				\$ 249,641
20	Return on Equity for Decoupling Earnings Sharing	Line 18/Line 19			9.26%
21	<u>Earnings Sharing Revenue Credits:</u>		Basis Points		
22	Achieved ROE (basis points)		926		
23	Authorized Return (basis points) (D&O 31288 in Dkt No. 2011-0092 filed May 31, 2013)		900		
24	ROE for sharing (basis points)		26		
25	Sharing Grid per RAM Provision		First 100 bp	Next 200 bp	All over 300 bp
26	Distribution of Excess ROE (basis points)		26	0	0
27	Ratepayer Share of Excess Earnings		25%	50%	90%
28	Ratepayer Earnings Share - Basis Points		6	-	-
29	Revenue Credit per Basis Point (Note 2)				45
30	Earnings Sharing Revenue Credits (thousands)				\$ 285,937

Footnotes:

1	Composite Federal & State Income Tax Rate	38.91%
	Income Tax Factor ( 1 / 1-tax rate)	1.6369
2	Ratemaking Equity Investment (line 19)	\$ 249,641
	Basis Point = 1/100 of a percent	0.01%
	Earnings Required per Basis Point (thousands)	\$ 24.96
	Times: Income Tax Conversion Factor	1.636929121
	Pretax Income Required per Basis Point (thousands)	\$ 41
	Times: Revenue Tax Conversion Factor	1.0975
	Revenue Requirement per Basis Point (thousands)	\$ 45

ILLUSTRATION BASED ON RATE CASE COST OF CAPITAL

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**EARNINGS SHARING CALCULATIONS**  
All Amounts \$000 (Except %)

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.	PUC Report, p. 2A and	\$ 31,435	\$ 439,736	
2	<b>Ratemaking Adjustments to Line 1:</b>				
2a	Incentive Compensation Expenses (net of tax)	MECO-WP-H-002	101		
2b	Discretionary and Other Expenses Not Recoverable (net of tax)	MECO-WP-H-002	103		
2c	Amortization of investment income differential	MECO-WP-H-003	11		
2d	Income tax on items to be replaced by synchronized interest	MECO-WP-H-003	(3,592)		
2e	Remove Accrued Earnings Sharing Refund	MECO-WP-H-006	9		
3	Ratemaking Basis Amounts - Post Tax	Sum Lines 1 & 2	\$ 28,067	\$ 439,736	
4	<b>Ratemaking Capitalization</b>				
	<i>Decision and Order No. 31288, Docket No. 2011-0092</i>		Balances	Ratios	Cost Rate
5	Short-Term Debt (12 mo. Avg)		\$ 5,003	1.23%	1.25%
6	Long-Term Debt (Simple Avg)		\$ 156,370	38.44%	5.06%
7	Hybrid Securities (Simple Avg)		\$ 9,373	2.30%	7.32%
8	Preferred Stock (Simple Avg)		\$ 4,744	1.17%	8.25%
9	Common Equity (Simple Avg)		\$ 231,310	56.86%	9.00%
10	Total Capitalization	MECO-WP-H-004	\$ 406,800	100.00%	7.34%
11	Line 3 Rate Base Amount				\$ 439,736
12	Weighted Cost of Debt	Sum lines 5-7			2.13%
13	Synchronized Interest Expense				\$ 9,362
	Income Tax Factor	Note 1			1.6369
13a	Synchronized Interest Expense, net of tax				\$ 5,719
14	Post Tax Income Available for Preferred & Common (Line 3 - Line 13a)				\$ 22,347
17	Less: Preferred Income Requirement (Line 8 Weighted Cost times Rate Base)				\$ 423
18	Income Available for Common Stock				\$ 21,924
19	Ratemaking Equity Investment (Line 9 Ratio times Rate Base)				\$ 250,038
20	Return on Equity for Decoupling Earnings Sharing	Line 18/Line 19			8.77%
21	<b>Earnings Sharing Revenue Credits:</b>				
			Basis Points		
22	Achieved ROE (basis points)		877		
23	Authorized Return (basis points) (D&O 31288 in Dkt No. 2011-0092 filed May 31, 2013)		900		
24	ROE for sharing (basis points)		-		
25	Sharing Grid per RAM Provision		First 100 bp	Next 200 bp	All over 300 bp
26	Distribution of Excess ROE (basis points)		0	0	0
27	Ratepayer Share of Excess Earnings		25%	50%	90%
28	Ratepayer Earnings Share - Basis Points		-	-	-
29	Revenue Credit per Basis Point (Note 2)				45
30	Earnings Sharing Revenue Credits (thousands)				\$ -
Footnotes:					
1	Composite Federal & State Income Tax Rate		38.91%		
	Income Tax Factor ( 1 / 1-tax rate)		1.6369		
2	Ratemaking Equity Investment (line 19)		\$ 250,038		
	Basis Point = 1/100 of a percent		0.01%		
	Earnings Required per Basis Point (thousands)		\$ 25.00		
	Times: Income Tax Conversion Factor		1.636929121		
	Pretax Income Required per Basis Point (thousands)		\$ 41		
	Times: Revenue Tax Conversion Factor		1.0975		
	Revenue Requirement per Basis Point (thousands)		\$ 45		

MAUI ELECTRIC COMPANY, LIMITED  
DECOUPLING CALCULATION WORKBOOK  
CIS PROJECT COSTS - ADIT

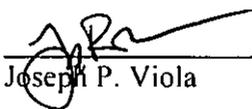
Line No.		Basis			Fed Book - State Book -		ADIT		Total
		Book	Fed Tax	State Tax	Tax Diff	Tax Diff	Federal 35.00%	State 6.01504%	
1	CIS Book Basis	8,051,557	8,051,557	8,051,557					
2	AFUDC		(1,084,396)	(1,084,396)					
3	Writedown of CIS Costs	(5,500,000)	(5,500,000)	(5,500,000)					
4		<u>2,551,557</u>	<u>1,467,161</u>	<u>1,467,161</u>					
5	Book Tax Differences		95,239	95,239					
6	Post Go Live carrying charge	56,885							
7	Amortization - 2012	-	(954,800)	(347,200)					
8	Amortization - 2013	(126,798)	(260,400)	(520,800)					
9	Balance as of 12/31/13	<u>2,481,644</u>	<u>347,200</u>	<u>694,400</u>	<u>2,134,444</u>	<u>1,787,244</u>	<u>(709,429)</u>	<u>(107,503)</u>	<u>(816,933)</u>
10	Amortization - 2014	(217,370)	(260,400)	(520,800)	43,030	303,430	(8,672)	(18,251)	(26,924)
11	Balance as of 12/31/14	<u>2,264,274</u>	<u>86,800</u>	<u>173,600</u>	<u>2,177,474</u>	<u>2,090,674</u>	<u>(718,102)</u>	<u>(125,755)</u>	<u>(843,857)</u>
12	Amortization - 2015	(217,370)	(86,800)	(173,600)	(130,570)	(43,770)	44,778	2,633	47,411
13	Balance as of 12/31/15	<u>2,046,904</u>	<u>-</u>	<u>-</u>	<u>2,046,904</u>	<u>2,046,904</u>	<u>(673,324)</u>	<u>(123,122)</u>	<u>(796,446)</u>
14	Amortization - 2016	(217,370)	-	-	(217,370)	(217,370)	71,503	13,075	84,578
15	Balance as of 12/31/16	<u>1,829,534</u>	<u>-</u>	<u>-</u>	<u>1,829,534</u>	<u>1,829,534</u>	<u>(601,820)</u>	<u>(110,047)</u>	<u>(711,868) Schedule K1</u>
16	Amortization - 2017	(217,370)	-	-	(217,370)	(217,370)	71,503	13,075	84,578 Schedule K1
17	Balance as of 12/31/17	<u>1,612,164</u>	<u>-</u>	<u>-</u>	<u>1,612,164</u>	<u>1,612,164</u>	<u>(530,317)</u>	<u>(96,972)</u>	<u>(627,289) Schedule K1</u>

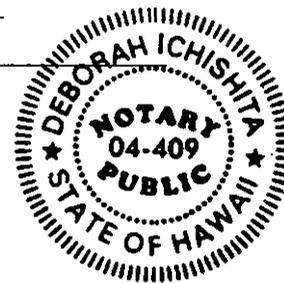
Note: For tax purposes, CIS costs are amortized over 36 months and are fully amortized by 2015.

VERIFICATION

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

Joseph P. Viola, being first duly sworn, deposes and says: That he is Vice President of Maui Electric Company, Limited, Applicant in the above proceeding; that he makes this verification for and on behalf of Maui Electric Company, Limited, and is authorized so to do; that he has read the foregoing Application, and knows the contents thereof; and that the same are true of his own knowledge except as to matters stated on information or belief, and that as to those matters he believes them to be true.

  
Joseph P. Viola



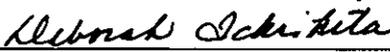
Subscribed and sworn to before me this 31<sup>st</sup> day of March, 2017.



**DEBORAH ICHISHITA**

Notary Public, State of Hawai'i

My Commission expires July 18, 2020

<b>STATE OF HAWAII NOTARY CERTIFICATION</b>	
Doc. Date: <u>3/31/2017</u>	# of pages <u>229</u>
<b>DEBORAH ICHISHITA</b> First Circuit	
Doc. Description: <u>Maui Electric</u>	
<u>Transmittal No. 17-04 (Decoupling)</u>	
<u></u>	<u>3/31/17</u>
Notary Signature	Date



CERTIFICATE OF SERVICE

I hereby certify that the foregoing Transmittal No. 17-04 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 31, 2017.

HAWAIIAN ELECTRIC COMPANY, INC.

  
\_\_\_\_\_  
Michael Chu