

**Transmittal Nos. 18-01, 18-02, 18-03**

**Hawaiian Electric Companies  
For Approval to Modify the RBA Rate  
Adjustment in its Revenue Balancing  
Account Provision Tariff**

**HAWAIIAN ELECTRIC COMPANIES  
RESPONSE TO THE DIVISION OF CONSUMER  
ADVOCACY'S STATEMENT OF POSITION**

**Filed May 21, 2018**

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2018 MAY 21 P 3:53  
PUBLIC UTILITIES  
COMMISSION



FILED

May 21, 2018

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PUBLIC UTILITIES  
COMMISSION

The Honorable Chair and Members of  
the Hawai'i Public Utilities Commission  
Kekuanaoa Building, 1st Floor  
465 South King Street  
Honolulu, Hawai'i 96813

Dear Commissioners:

Subject: Transmittal No. 18-01 (Decoupling) Hawaiian Electric's RBA Rate  
Adjustment Tariff Filing  
Transmittal No. 18-02 (Decoupling) Hawai'i Electric Light's RBA Rate  
Adjustment Tariff Filing  
Transmittal No. 18-03 (Decoupling) Maui Electric's RBA Rate  
Adjustment Tariff Filing  
Hawaiian Electric Companies' Response to the Division of Consumer  
Advocacy's Statement of Position

Enclosed for filing is the Hawaiian Electric Companies'<sup>1</sup> response to the *Division of Consumer Advocacy's Statement of Position* ("Consumer Advocate's SOP")<sup>2</sup> filed on May 11, 2018 on Transmittal Nos. 18-01, 18-02 and 18-03, the Companies' Revenue Balancing Account ("RBA") Rate Adjustment tariff filings for 2018. As explained in this filing, the Companies have addressed the recommendations in the Consumer Advocate's SOP, including the inclusion of Hawaiian Electric's Schofield Generating Station as a major capital project addition and revising Maui Electric's RBA Rate Adjustment to reflect an adjustment for the proposed Exogenous Tax Adjustment for the period from January 1, 2018 to May 31, 2018. Therefore, the Companies request the Commission to approve by May 30, 2018 the tariff changes proposed in Transmittal Nos. 18-01(as revised in this filing), 18-02 (as revised in this filing), and 18-03 (as revised in this filing), to go into effect on June 1, 2018.

As explained in Attachment 1, removal of the Schofield Generating Station as a major capital project addition does not impact Hawaiian Electric's 2018 RAM revenue adjustment since Hawaiian Electric would still be subject to the 2018 RAM Cap. Therefore, there is no further action or issues remaining for Transmittal No. 18-01.

<sup>1</sup> The "Hawaiian Electric Companies" or "Companies" are Hawaiian Electric Company, Inc. ("Hawaiian Electric"), Hawai'i Electric Light Company, Inc. ("Hawai'i Electric Light"), and Maui Electric Company, Limited ("Maui Electric").

<sup>2</sup> The "Consumer Advocate" is the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs.

Although the Companies do not agree with the Consumer Advocate's adjustment on the Exogenous Tax Adjustment, in order to eliminate this as a contentious issue, Maui Electric is willing to reflect the Consumer Advocate's recommended adjustment in the RBA Revenue Adjustment for the purposes of Transmittal No. 18-03 only. This adjustment reduced Maui Electric's proposed RBA Revenue Adjustment from \$20,069,837 to \$19,744,670. Based on the revised calculations, Maui Electric's 2018 RBA Rate Adjustment decreased by 0.031¢, from 1.9266¢ (in the original Transmittal No. 18-03 filing dated March 29, 2018) to 1.8954¢ per kilowatt-hour ("kWh"). The overall incremental impact of the RBA Rate Adjustment proposed in this filing compared to the current 2017 RBA Rate Adjustment on a typical customer's monthly bill is an increase of \$1.65 for Maui customers (based on an average usage of 500 kWh) and by \$1.32 for Lāna'i and Moloka'i customers (based on an average usage of 400 kWh).<sup>3</sup>

Subsequent to the filing of Transmittal No. 18-02 on March 29, 2018, Hawai'i Electric Light became aware of certain revisions and updates required for its 2018 decoupling filing. In summary and further explained in Attachment I, the adjustments made to Hawai'i Electric Light's decoupling filing are as follows:

1. Update of the Sales Forecast for June 2018 to May 2019 based on the March 2018 Sales Forecast Update;
2. Revisions to correct the calculation of its 2018 Labor Cost Escalation Rate percentage and 2018 Compounded Labor Cost percentage; and
3. Update to the Last Rate Order Target Annual Revenues used to calculate the 2018 RAM Cap.
4. Revisions to correct the Hawai'i Electric Light's 2016 test year rate base at December 31, 2016.

Accordingly, Hawai'i Electric Light has incorporated these adjustments in its revised decoupling template. As a result of these adjustments, Hawai'i Electric Light's RAM Revenue Adjustment under the original RAM methodology is now less than the 2018 RAM Cap and these adjustments reduce Hawai'i Electric Light's proposed RBA Revenue Adjustment from \$10,610,097 to \$10,548,968. Based on the revised calculations, Hawai'i Electric Light's 2018 RBA Rate Adjustment decreased by 0.02¢, from 1.0218¢ (in the original Transmittal No. 18-02 filing dated March 29, 2018) to 1.0006¢ per kWh. The overall incremental impact of the RBA Rate Adjustment proposed in this filing compared to the current RBA Rate Adjustment on a typical customer's monthly bill is an increase of \$1.84 for Hawai'i Electric Light's customers (based on an average usage of 500 kWh).<sup>4</sup>

<sup>3</sup> The monthly bill impact for a household using 500 kWh with the revised rate would be \$9.48 in Maui as compared to \$7.83, based on the current 2017 RBA rate adjustment. The monthly bill for a household using 400 kWh with the revised rate would be \$7.58 on Lāna'i and Moloka'i as compared to \$6.26, based on the current 2017 RBA rate adjustment.

<sup>4</sup> The monthly bill impact for a household using 500 kWh with the revised rate would be \$5.00 as compared to

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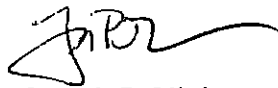
In the March 29, 2018 filings, the Companies proposed to revise their RBA Rate Adjustment from the current rate to the new rate effective June 1, 2018. In order for the revised RBA Rate Adjustment to be effective June 1, 2018, the Companies' respectfully request a Commission decision on these proceedings by May 30, 2018 in order for them to perform certain internal control procedures to allow completion and verification of the rate change, as described in Attachment 1.

This filing includes the following attachments:

1. Response to the Consumer Advocate's SOP in Attachment 1;
2. Revised tariff sheet (in clean and blacklined versions) with Hawai'i Electric Light's revised proposed RBA Rate Adjustment in Attachment 2;
3. Hawai'i Electric Light's revised 2018 decoupling calculation workbook and workpapers (revised pages are noted and changes highlighted) in Attachment 3;
4. Revised tariff sheet (in clean and blacklined versions) with Maui Electric's revised proposed RBA Rate Adjustment in Attachment 4;
5. Maui Electric Light's revised 2018 decoupling calculation workbook (revised pages are noted and changes highlighted) in Attachment 5; and
6. Hawaiian Electric's tariff sheet (in clean and blacklined versions) with proposed RBA Rate Adjustment in Attachment 6.

If you have any questions, please call Dean Matsuura at 543-4622.

Very truly yours,



Joseph P. Viola  
Vice President  
Regulatory Affairs

Attachments

cc: Division of Consumer Advocacy

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\$3.16, based on the current rate as shown in Exhibit 14 of Hawai'i Electric Light's *Revision to Exhibits in Motion to Adjust Interim Increase* filed on April 10, 2018, which was approved by the Commission in Order No. 35419 on April 24, 2018 and went into effect on May 1, 2018.



TRANSMITTAL NOS. 18-01, 18-02, and 18-03  
HAWAIIAN ELECTRIC COMPANIES  
RESPONSE TO CONSUMER ADVOCATE'S STATEMENT OF POSITION

In this attachment, the Hawaiian Electric Companies<sup>1</sup> respond to the recommendations in the *Division of Consumer Advocacy's Statement of Position* ("Consumer Advocate SOP") on Transmittal Nos. 18-01, 18-02 and 18-03,<sup>2</sup> filed on May 11, 2018.

1. REVIEW OF THE REVENUE BALANCING ACCOUNT

The Consumer Advocate has not identified or proposed any adjustments to the December 31, 2017 recorded Revenue Balancing Account ("RBA") balances and therefore has not recommended changes to the RBA calculations in the Companies' 2018 decoupling filings.

The Consumer Advocate is continuing to review the RBA calculations, the monthly information packets, and responses to informal information requests the Companies provide monthly and in the decoupling filings. (See Consumer Advocate SOP at 13)

2. REVIEW OF THE RATE ADJUSTMENT MECHANISM ("RAM") CALCULATION FOR THE 2018 RAM YEAR

The Consumer Advocate SOP proposed only two matters requiring consideration by the Commission with respect to the Hawaiian Electric Companies' proposed RBA Rate Adjustment:

1. Hawaiian Electric's Inclusion of Schofield Generating Station Investment as a Major Capital Project Addition in Its 2018 RAM

**a) Consumer Advocate's Position**

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<sup>1</sup> The "Hawaiian Electric Companies" or "Companies" are Hawaiian Electric Company, Inc., Maui Electric Company, Limited and Hawai'i Electric Light Company, Inc.

<sup>2</sup> The "Consumer Advocate" is the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs.

The Consumer Advocate acknowledged that this issue has no actual impact on the 2018 RAM since the removal of the Schofield Generation Station (“SGS”) as a Major Capital Project Addition does not change the allowed RAM Revenue Adjustment on Schedule A of the template calculations. However, the Consumer Advocate takes the position that Hawaiian Electric’s Rate Base RAM revenue adjustment under the traditionally calculated Rate Base RAM should be reduced to account for the exclusion of SGS as major project shown on Schedule D3. In the Consumer Advocate SOP, the Consumer Advocate referenced Docket No. 2017-0213, in which Hawaiian Electric has proposed specific recovery of its SGS investment through the Major Project Interim Recovery (“MPIR”) mechanism, and which is pending a decision. The Consumer Advocate’s position is that Hawaiian Electric’s investment in SGS should not be included within both the RAM mechanism and MPIR mechanism so as to avoid duplicate recovery related to SGS revenue requirements. Removal of SGS from Hawaiian Electric’s RMA does not reduce the required RBA rate adjustment. (See Consumer Advocate SOP at 14-16.)

**b) Hawaiian Electric Companies’ Response**

Inclusion of SGS investment costs in the 2018 Rate Base RAM is valid as the Commission has not yet issued a decision in Docket No. 2017-0213 and this project is scheduled to be placed in service in the 2<sup>nd</sup> quarter of 2018. In its Application in Docket No. 2017-0213 (footnote 14), the Company stated that should the Commission not approve the SGS project cost recovery through the MPIR Mechanism or SGS Step Adjustment, the RAM could serve as a third alternative for recovering project costs. In Transmittal No. 18-01 (footnote 28), the Company

stated that should the Commission approve recovery of SGS costs through the MPIR mechanism prior to June 1, 2018, the Company would remove the costs associated with this project from the 2018 decoupling filing.

However, as recognized by the Consumer Advocate SOP, removal of the SGS from the RAM Rate Base would not impact Hawaiian Electric's 2018 RAM Revenue Adjustment since the RAM cap would apply with SGS included or excluded from the RAM Rate Base in 2018. Therefore, there is no need for the Commission to address this issue at this time and there were no further adjustments proposed by the Consumer Advocate for Transmittal 18-01.<sup>3</sup>

2. Revision to Maui Electric's Proposed Exogenous Tax Adjustment Amount for the Period From January 1, 2018 to May 31, 2018

**a) Consumer Advocate's Position**

The Consumer Advocate agreed with Maui Electric's \$5.9 million downward adjustment to 2012 test year revenue requirements calculation which reasonably quantifies the impact of the Tax Act federal income tax rate change and loss of the Domestic Production Activities Deduction in that prior test year. However, for the period of January 1, 2018 through May 31, 2018, the Company's proposed daily rate does not fully quantify the value of the Tax Act during this period. The Consumer Advocate stated that the reduced federal income tax rate must also be applied to the

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<sup>3</sup> In its response to Informal IR-21, Hawaiian Electric acknowledged certain inadvertent errors in the calculation of its 2018 Labor Cost Escalation Rate percentage and 2018 Compounded Labor Cost percentage (Schedule C and HECO-WP-C-001). As a result of this adjustment, O&M RAM decreased to \$4,174,181 from \$4,358,860. This revision coupled with the exclusion of the SGS project from Rate Base RAM reduces the Total RAM Revenue Adjustment to \$17,512,771, which is still larger than the 2018 RAM Cap of \$13,827,909. Therefore, these revisions do not impact the proposed 2018 RBA rate adjustment as the Company would still remain subject to the 2018 RAM Cap.

RAM element of approved target revenues being recorded by Maui Electric for the January 1, 2018 to May 31, 2018 period. The Consumer Advocate further stated the Tax Act adjustment should account for the cumulative Rate Base growth compensated through RAM increases as of the Company's 2017 decoupling filing. Therefore, the Company's proposed \$5.9 million adjustment to 2012 test year revenue requirements should be increased to \$6.7 million, which increases the January 31, 2018 to May 31, 2018 adjustment from \$2.44 million to \$2.77 million. (See Consumer Advocate SOP at 16-20.)

**b) Hawaiian Electric Companies' Response**

The Companies do not agree with the position taken by the Consumer Advocate to *add an additional \$786,000 to the \$5.9 million used in the computation of 2017 Tax Reform Act adjustment, for a total annualized reduction of \$6.7 million.* As the Companies stated in its response to Informal CA-IR-37, its "approach was to provide customers any tax savings from the Act as it would apply to current base rates and to incorporate the provisions of the Tax Act in to the calculation of the RAM Revenue Adjustment for the 2018 RAM period." The Companies inclusion of the \$5.9 million reduction properly provides customers tax savings from the Act. The Companies do not agree with the inclusion of an additional \$786,000 as this additional amount represents the approximate tax savings on the cumulative additions to average rate base between 2013 through 2017 included in the 2017 decoupling filing. As described in footnote 2 in the response to Informal CA-IR-37, "The RAM Revenue Adjustment for the 2017 RAM Period would not be subject to the provisions of the Tax Act since the RAM Provision Tariff defines the 2017 RAM Period as the

calendar year 2017 which is prior to the January 1, 2018 effective date of provisions of the Tax Act.”<sup>4</sup> Therefore, though there is a lag in the recovery of the 2017 RAM to 2018, the RAM Tariff clearly defines the RAM Period of the 2017 decoupling filing as calendar year 2017 which is not subject to the provisions of the Tax Act. However, customers will benefit from the tax savings on the cumulative additions to average rate base between 2013 through 2017 in the 2018 decoupling filing. While it does not result in a ‘refundable’ benefit to customers, it does result in a lower RBA Rate Adjustment. This 2018 RAM period, which covers the 2018 calendar year as defined in the RAM Tariff, will properly include the benefits of the Tax Act which was effective January 1, 2018. Further, customers will benefit with the implementation of the 2018 test year interim rates which will reflect the impacts of the Tax Act. However, in order to eliminate this as a contentious issue for the 2018 Maui Electric RAM Revenue Adjustment, Maui Electric is willing to increase the downward adjustment by \$325,000 (for the January 1–May 31 portion of the annualized \$786,000), which results in a revised Tax Act reduction of \$2.77 million on Schedule A, which is reflected in Attachment 5 to this response.

3. REMOVAL OF THE NET INVESTMENT AND RELATED DEPRECIATION EXPENSE FOR MAUI ELECTRIC’S LĀNA‘I COMBINED HEAT AND POWER FROM THE 2018 RAM

The Consumer Advocate SOP proposed no adjustment relating to Lana‘i’s combined heat and power system (“CHP”) since it had returned to service on September 5, 2017. However, subsequent to the filing of Transmittal No. 18-03 on March 29, 2018, mechanical damage was

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<sup>4</sup> Per Revised Sheet No. 96, subpart b) The RAM Period is defined as the calendar year containing the Annual Evaluation Date.



incurred at the Company's CHP Unit at Manele Bay. An April 10, 2018 assessment revealed that the engine block and some of the associated drivetrain components on the 1.0 MW Caterpillar diesel engine suffered significant impairment. Maui Electric is currently unable to operate the CHP System in accordance with the terms of the CHP Agreement and declared a Force Majeure Event. On May 7, 2018, in Docket No. 2006-0186, Maui Electric filed a letter notifying the Commission that as a result of engine damage incurred on April 6, 2018 at the Four Seasons Resort Lana'i Manele Bay, the Company's 819 kW CHP is currently unable to operate.

Based on a preliminary cost assessment, the cost of replacing the damaged equipment and returning the CHP to performance is expected to be less than \$1.5 million. Maui Electric has just received and is currently reviewing a proposal from Hawthorne to replace the damaged engine with a remanufactured engine. The Company's limited warranty from Caterpillar is expected to cover the majority of the restoration costs. A new air permit is required for a remanufactured engine and is expected to take approximately six months to obtain. If the project proceeds without significant delays, the CHP may be operational again near the end of 2018.

While the CHP Unit at Manele Bay is currently unavailable, the Company anticipates that the CHP may return to service near the end of 2018 and therefore no adjustment will be made to the 2018 decoupling filing.

Accordingly, Maui Electric has incorporated only the change to its Exogenous Tax Adjustment, described above, in its revised decoupling template which is included as Attachment 5 to this response. The impact of the adjustment reduces Maui Electric's proposed RBA Revenue Adjustment from \$20,069,837 to \$19,744,670 and decreases Maui Electric's 2018 RBA Rate Adjustment by \$0.000312, from \$0.019266 (in the initial filing of Transmittal No. 18-03 on March 29, 2018) to \$0.018954 per kilowatt-hour ("kWh"). The overall impact of the revised

RBA Rate Adjustment proposed in this revised filing on a typical customer's monthly bill is \$9.48 for Maui customers (based on an average usage of 500 kWh) and \$7.58 for Lana'i and Moloka'i customers (based on an average usage of 400 kWh). This is a decrease of \$0.15 for Maui customers (based on an average usage of 500 kWh) and \$0.13 for Lana'i and Moloka'i customers (based on an average usage of 400 kWh) from the March 29, 2018 filing.

#### 4. HAWAI'I ELECTRIC LIGHT REVISIONS TO TRANSMITTAL NO. 18-02

Subsequent to filing of Transmittal No. 18-02 on March 29, 2018, Hawai'i Electric Light became aware of certain revisions and updates required for its 2018 decoupling filing. Hawai'i Electric Light's 2018 annual decoupling filing has since been updated to account for the following changes, as shown in Attachment 3 to this response:

##### 1. Update of the Sales Forecast for June 2018 to May 2019 based on the March 2018 Sales Forecast Update

- a) As described in the response to Informal IR-10, a new sales forecast for Hawai'i Electric Light became available subsequent to the filing of Transmittal No. 18-02 on March 29, 2018. As shown on Schedule A and HELCO-WP-A-001 in Attachment 3, the new sales forecast of 1,054.3 GWh supersedes the previous sales forecast of 1,038.4 GWh.

##### 2. Revisions to correct the calculation of its 2018 Labor Cost Escalation Rate percentage and 2018 Compounded Labor Cost percentage (Schedule C and HELCO-WP-C-001);

- a) Similar to Hawaiian Electric, in its response to Informal IR-21, Hawai'i Electric Light acknowledged certain inadvertent errors in the calculation of its 2018 Labor Cost Escalation Rate percentage and 2018 Compounded Labor Cost percentage (Schedule C and HELCO-WP-C-001). As a result of this change, Hawai'i Electric

Light's O&M RAM on Schedule C and A1 decreased to \$2,322,957 from \$2,382,553, as shown on Schedule A1 in Attachment 3.

3. Update to the Last Rate Order Target Annual Revenues used to calculate the 2018 RAM Cap.
  - a) On April 10, 2018, in Hawai'i Electric Light's 2016 test year rate case (Docket No. 2015-0170), the Company filed its *Revisions to Exhibits in Motion to Adjust Interim Increase* ("Revisions to Exhibits"), which was subsequently approved by the Commission in Order No. 35419 on April 24, 2018 and went into effect on May 1, 2018. In its Revisions to Exhibits, the Company stated it would file revisions to Transmittal No. 18-02 to reflect a decrease in "Last Rate Order Target Annual Revenues" on Schedule B1 as a result of the revised calculations in the Company's Revisions to Exhibits (See Exhibit 14, page 2). Last Rate Order Target Annual Revenues decreased from \$146,020,000 to \$145,591,000, as shown on Schedule B1 and J in Attachment 3.
4. Revisions to correct the Hawai'i Electric Light's 2016 test year rate base at December 31, 2016 (Schedule D and D1).
  - a) Subsequent to filing Transmittal No. 18-02, Hawai'i Electric Light discovered certain inadvertent errors in the 2016 test year rate base amounts (Schedule D1), which were incorrectly based on Exhibit B, page 1, of Interim Decision and Order No. 34766, filed on August 21, 2017, in Docket No. 2015-0170. Instead, the 2016 test year rate base amounts should have been based on Exhibit 3D, page 3, of Hawai'i Electric Light's *Motion to Adjust Interim Increase* filed on March 27, 2018, which was then modified on April 10, 2018 and ultimately approved by the

Commission in Order No. 35419. As a result of this change, Hawai'i Electric Light's Rate Base RAM on Schedule D and A1 decreased to \$1,167,608 from \$1,230,844, as shown on Schedule A1 in Attachment 3.

Accordingly, Hawai'i Electric Light's has incorporated these four adjustments in its revised decoupling template, as shown in Attachment 3. As a result of these adjustments, Hawai'i Electric Light's RAM Revenue Adjustment under the original RAM methodology is now less than the 2018 RAM Cap and the impact of these adjustments reduces Hawai'i Electric Light's proposed RBA Revenue Adjustment from \$10,610,097 to \$10,548,968 and decreases Hawai'i Electric Light's 2018 RBA Rate Adjustment by \$0.000212, from \$0.010218 (in the initial filing of Transmittal No. 18-02 on March 29, 2018) to \$0.010006 per kWh. The overall impact of the revised RBA Rate Adjustment proposed in this filing on a typical customer's monthly bill is \$5.00 for Hawai'i Electric Light customers (based on an average usage of 500 kWh). This is a decrease of \$0.11 for Hawai'i Electric Light customers (based on an average usage of 500 kWh) from the March 29, 2018 filing.

## 5. ADMINISTRATIVE ISSUES

In accordance with Order No. 35372 in Hawaiian Electric's 2017 test year rate case (Docket No. 2016-0328), the Companies are providing a new tariff sheet which shows the Target Revenue currently in effect and the derivation of the Target Revenue from results of each Companies' electric sales revenue most recently approved in a general rate case.<sup>5</sup> These new tariff sheets are included in each Company's tariff attachments (Hawaiian Electric Tariff

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<sup>5</sup> In the response to Informal CA-IR-31, the Companies provided an illustrative example to show the derivation of Hawai'i Electric Light's Target Revenue currently in effect and the derivation of the Target Revenue from results of the Company's 2016 test year rate case (Docket No. 2015-0170).

Sheet No. 92E, Hawai'i Electric Light Tariff Sheet No. 91E, and Maui Electric Tariff Sheet Nos. 97F, 108F, and 152F) provided in this response.

6. EFFECTIVE DATE OF THE RBA RATE ADJUSTMENT

The Transmittals submitted by the Companies propose to revise their decoupling Revenue Balancing Account ("RBA") Rate Adjustment from the current rate to the new rate *effective June 1, 2018*.

Generally speaking, surcharge rates are changed effective the first of the month. The internal control process to ensure billing rate changes are accurate and complete takes place on the next to last business day of the month to allow for completion of the rate change verification and transport of the rate changes to the production environment in advance of the first of the month.

In order for the revised RBA Rate Adjustment to be effective June 1, 2018, the Companies' request a decision by May 30, 2018 so they can perform the internal control process described above. A decision after May 30, 2018 would delay the implementation of a revised RBA Rate Adjustment (the Companies need approximately two days to program, test and implement a rate change in the production environment).



## ATTACHMENT 2

RATE SCHEDULES (Continued)

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated May 21, 2018.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION

Supplement To:

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

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

A: PURPOSE:

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

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

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

B: TARGET REVENUE:

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

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

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

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

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

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

Monthly Allocation Factors for the Target Revenue are as follows:

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

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

C: BALANCING ACCOUNT ENTRIES:

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.



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

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

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

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

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

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

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

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

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

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

RBA Rate Adjustment

All Rate Schedules ..... 1.0006 ¢/kWh

F. NOTICE

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

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

G: COMMISSION'S AUTHORITY

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated May 21, 2018.

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

H: TARGET REVENUES CURRENTLY IN EFFECT

Hawaii Electric Light Company, Inc.  
Annual Target Revenue (\$000s)

	<u>Description</u>	<u>Amount</u>
1	Electric Sales Revenue	\$289,771
	Less:	
2	Fuel Expense	(\$45,996)
3	Purchase Power Expense	(\$72,438)
4	Revenue Tax on Electric Sales Revenue	<u>(\$25,746)</u>
5	Last Rate Order Target Revenues	\$145,591
6	Authorized RAM Revenues	\$6,577
7	Revenue Tax	<u>(\$584)</u>
8	Net RAM Adjustment	\$5,993
9	Earnings Sharing Revenue Credits	\$0
10	Revenue Tax	<u>\$0</u>
11	Net Earnings Sharing Revenue Credits	\$0
12	Effective Target Revenue	\$151,583

Notes:

Totals may not add, due to rounding.

See Transmittal Nos. 18-01, 18-02, and 18-03, Hawaiian Electric Companies  
Response to Consumer Advocate's Statement of Position.

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated May 21, 2018.

RATE ADJUSTMENT MECHANISM PROVISION

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION

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

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

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

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

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

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

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

Rate Adjustment Mechanism

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

Evaluation Period Earnings Sharing:

1. For the twelve month period ending December 31, of each year (the "Evaluation Period"), with the filing to be made no later than March 31, of the year following the conclusion of the Evaluation Period. The schedules will include the following:

a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's actual depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, and other components of income for return, revenues, and actual capital structure, cost of debt, overall cost of capital, and return on common equity in the format set forth in the final order establishing the Company's latest effective rates.

b) All applicable accounting and pro forma adjustments historically required in annual reports filed with the Commission.

c) Pro-forma adjustments to remove from recorded revenues any out-of-period Earnings Sharing Revenue Credits or Major

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated March 31, 2017.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Capital Projects Credits recorded during the Evaluation Period, and

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

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

RAM Period RAM Revenue Adjustment Calculation:

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated June 3, 2015.



RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

g.) See also Settlement Agreement section below.

RAM REVENUE ADJUSTMENT CAP

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

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated May 21, 2018.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Evaluation Procedures

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated May 21, 2018.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

Notice

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

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

RATE ADJUSTMENT MECHANISM PROVISION (continued)

COMMISSION'S AUTHORITY

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

HAWAII ELECTRIC LIGHT COMPANY, INC

Transmittal Letter Dated June 3, 2015.

# ATTACHMENT 2A

Superseding Sheet No. 50D  
Effective May 1, 2018

REVISED SHEET No. 50D  
Effective June 1, 2018

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RATE SCHEDULES (Continued)

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

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HAWAII ELECTRIC LIGHT COMPANY, INC.

Deleted: April 30, 2018

| Transmittal Letter Dated May 21, 2018.

Superseding REVISED SHEET NO. 91  
Effective June 1, 2017

REVISED SHEET NO. 91  
Effective January 1, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION

Supplement To:

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

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

A: PURPOSE:

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

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



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

REVISED SHEET NO. 91A  
Effective January 1, 2018

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

B: TARGET REVENUE:

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

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

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

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

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

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

REVISED SHEET No. 91B  
Effective August 31, 2017

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

Monthly Allocation Factors for the Target Revenue are as follows:

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

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

C: BALANCING ACCOUNT ENTRIES:

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

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

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

REVISED SHEET NO. 91C  
Effective January 1, 2018

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

D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

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

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

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

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

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

Superseding REVISED SHEET NO. 91D  
Effective JANUARY 1, 2018

REVISED SHEET NO. 91D  
Effective JUNE 1, 2018

Deleted: June 1, 2017

Deleted: January 1, 2015

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

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

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

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

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

#### RBA Rate Adjustment

All Rate Schedules ..... 1.0000 ¢/kWh

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#### F. NOTICE

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

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

#### G: COMMISSION'S AUTHORITY

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

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

Deleted: January 11, 2015

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated MAY 31, 2018.

Superseding Sheet No. 91E  
Effective May 1, 2018

REVISED SHEET NO. 91E  
Effective June 1, 2018

Deleted: May 1, 2018

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

H: TARGET REVENUES CURRENTLY IN EFFECT

Hawaii Electric Light Company, Inc.  
Annual Target Revenue (\$000s)

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	Description	Amount
1	Electric Sales Revenue	\$289,771
	Less:	
2	Fuel Expense	(\$45,996)
3	Purchase Power Expense	(\$72,438)
4	Revenue Tax on Electric Sales Revenue	(\$25,746)
5	Last Rate Order Target Revenues	\$145,591
6	Authorized RAM Revenues	\$6,577
7	Revenue Tax	(\$584)
8	Net RAM Adjustment	\$5,993
9	Earnings Sharing Revenue Credits	\$0
10	Revenue Tax	\$0
11	Net Earnings Sharing Revenue Credits	\$0
12	Effective Target Revenue	\$151,583

Notes:

Totals may not add, due to rounding.

See Transmittal Nos. 18-01, 18-02, and 18-03, Hawaiian Electric Companies  
Response to Consumer Advocate's Statement of Position.

Deleted: Docket No. 2015-0170; Order  
No. 35419, issued April 24, 2018.

Deleted: April 30, 2018

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated May 31, 2018.

Superseding Sheet No. 89  
Effective April 9, 2012

REVISED SHEET NO. 89  
Effective June 1, 2013

#### RATE ADJUSTMENT MECHANISM PROVISION

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

###### Purpose

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

###### Definitions

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 89A  
Effective October 11, 2012

REVISED SHEET NO. 89A  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION

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

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

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

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

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

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

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 89B  
Effective March 30, 2014

REVISED SHEET NO. 89B  
Effective June 8, 2015

#### RATE ADJUSTMENT MECHANISM PROVISION

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

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

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

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

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

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated June 3, 2015.



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

REVISED SHEET NO. 89C  
Effective June 1, 2017

RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

Rate Adjustment Mechanism

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

Evaluation Period Earnings Sharing:

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

Transmittal Letter Dated March 31, 2017.

Superseding Sheet No. 89D  
Effective March 30, 2014

REVISED SHEET NO. 89D  
Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Capital Projects Credits recorded during the Evaluation Period, and

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

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

RAM Period RAM Revenue Adjustment Calculation:

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated June 3, 2015.

Superseding Sheet No. 89F  
Effective June 8, 2015

REVISED SHEET NO. 89F  
Effective June 1, 2015

Deleted: March 30, 2014

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RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

g.) See also Settlement Agreement section below.

RAM REVENUE ADJUSTMENT CAP

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

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

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Deleted: June 3, 2015

Transmittal Letter Dated May 21, 2015.

Superseding Sheet No. 89G  
Effective June 8, 2015

REVISED SHEET NO. 89G  
Effective June 1, 2018

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Evaluation Procedures

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

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

Deleted: March 30, 2014

Deleted: June 8, 2015

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated May 11, 2018.

Deleted: June 3, 2015

Superseding Sheet No. 89H  
Effective June 8, 2013

REVISED SHEET NO. 89H  
Effective June 1, 2013

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RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

Notice

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

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

Deleted: SETTLEMENT AGREEMENTS

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. 9 2008-0063, which the Commission approved in Order No. 31126, issued on March 19, 2013.

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

Deleted: June 3, 2015

HAWAII ELECTRIC LIGHT COMPANY, INC

Transmittal Letter Dated May 21, 2013.

SHEET NO. 89I  
Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (continued)

COMMISSION'S AUTHORITY

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

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

## ATTACHMENT 3



Transmittal No. 18-02 List of Schedules and Workpapers

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

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

Line No.	Description (a)	Reference (b)	Amount (c)	Rate Amount (d)
<u>RECONCILIATION OF RBA BALANCE:</u>				
1	RBA Prior calendar year-end balance	Schedule B	\$ 3,619,366	
2	Revenue Tax Factor	Schedule C	1.0975	
3	Revenue for RBA Balance			\$ 3,972,254
<u>RATE ADJUSTMENT MECHANISM "RAM" AMOUNT:</u>				
4	Total RAM Revenue Adjustment Allowed (Note 2)	Schedule A1		\$ 6,576,713
5	<u>EARNINGS SHARING REVENUE CREDITS - 2018 ROE:</u>	Schedule H		\$ -
6	<u>PUC-ORDERED MAJOR OR BASELINE CAPITAL PROJECTS CREDITS:</u>	Schedule I		\$ -
7	TOTAL RBA REVENUE ADJUSTMENT	Sum Col. (d)		\$ 10,548,968
8	GWH SALES VOLUME ESTIMATE JUNE 2018 - MAY 2019	HELCO-WP-A-001		1,054,300
9	RBA RATE ADJUSTMENT - cents per kWh	Note 1		1.0006
10	MONTHLY BILL IMPACT @ 500 KWH			\$ 5.00

Note 1: 2018 RBA Rate Adjustment Breakdown

	Col. (d)	Rate Adjustment cents per kWh	Percentage Share
RBA Balance	\$ 3,972,254	0.37676697	37.6554%
RAM Amount	\$ 6,576,713	0.62379906	62.3446%
Earnings Sharing Revenue Credits	\$ -	0.00000000	0.0000%
Major or Baseline Capital Projects Credits	\$ -	0.00000000	0.0000%
	\$ 10,548,968	1.00056603	100.0000%

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

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

Line No.	Description (a)	Reference (b)	Amount (c)
<b>RAM REVENUE ADJUSTMENT DETERMINED ACCORDING TO EXISTING TARIFFS AND PROCEDURES</b>			
1	O&M RAM	Schedule C	\$ 2,322,957
2	Rate Base RAM - Return on Investment (Note 2)	Schedule D	\$ 1,167,608
3	Depreciation & Amortization RAM Expense	Schedule E	\$ 3,086,149
4	Total RAM Revenue Adjustment		<b>\$ 6,576,713</b>
<b>RAM REVENUE ADJUSTMENT CAP</b>			
5	RAM Cap for 2018 RAM Revenue Adjustment	Schedule J	\$ 6,618,341
6	Plus: Exceptional and Other Matters	Schedule K	-
7	2018 Cap - Total RAM Revenue Adjustment		<b>\$ 6,618,341</b>
8	Total RAM Revenue Adjustment Allowed (Note 1)	Lesser of Line 6 or Line 9	<b>\$ 6,576,713</b> <i>To Sch A</i>

Note 1: RAM Revenue Adjustment Allowed:  
See Order No. 32735, filed March 31, 2015, paragraph 106, page 94:  
"The RAM Revenue Adjustment to be applied to determine effective Target Revenues will be the lesser of (a) the RAM Revenue Adjustment determined according to existing tariffs and procedures or (b) a RAM Revenue Adjustment Cap ("RAM Cap) to be calculated as specified."

Note 2: Total RAM Cap:  
See Order No. 32735, filed March 31, 2015, paragraph 110, page 96:  
"The RAM Cap will apply to the entire RAM Revenue Adjustment including the O&M RAM, Rate Base RAM (including Major Capital Projects and Baseline Projects), and the Depreciation and Amortization RAM."

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

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

Line No.	Month	Beginning Balance	Target Revenues	Recorded Adjusted Revenue	Variance to RBA	Adjustment for Prior Year RBA recovery	Adjustment	Tax-effected Balances Subject to Interest	Interest at 3.25%/year	Ending Balance
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Monthly RBA Balance and Activity ( Monthly PUC Rpt., Pg. 9A)										
1	2016 December	\$ 3,135,681	\$ 12,396,468	\$ 12,033,954	\$ 362,514	\$ (485,066)	\$ -	\$ 1,878,154	\$ 5,087	\$ 3,018,216
2										
3	2017 January	\$ 3,018,216	\$ 12,104,787	\$ 11,644,685	\$ 460,102	\$ (453,616)	\$ -	\$ 1,845,809	\$ 4,999	\$ 3,029,701
4	February	\$ 3,029,701	\$ 11,040,149	\$ 10,719,526	\$ 320,623	\$ (416,854)	\$ -	\$ 1,821,451	\$ 4,933	\$ 2,938,403
5	March	\$ 2,938,403	\$ 12,192,291	\$ 11,961,371	\$ 230,920	\$ (468,331)	\$ -	\$ 1,722,553	\$ 4,665	\$ 2,705,657
6	April	\$ 2,705,657	\$ 11,667,264	\$ 11,592,133	\$ 75,131	\$ (452,872)	\$ -	\$ 1,537,505	\$ 4,164	\$ 2,332,080
7	May	\$ 2,332,080	\$ 12,206,875	\$ 11,730,455	\$ 476,420	\$ (459,241)	\$ 2,041	\$ 1,431,162	\$ 3,876	\$ 2,355,176
8	June	\$ 2,355,176	\$ 12,156,545	\$ 11,749,073	\$ 407,472	\$ (250,969)	\$ -	\$ 1,486,581	\$ 4,026	\$ 2,515,705
9	July	\$ 2,515,705	\$ 12,855,881	\$ 12,409,586	\$ 446,295	\$ (268,212)	\$ -	\$ 1,591,240	\$ 4,310	\$ 2,698,098
10	August	\$ 2,698,098	\$ 13,174,872	\$ 12,868,578	\$ 306,294	\$ (283,330)	\$ (26,810)	\$ 1,638,904	\$ 4,439	\$ 2,698,691
11	September	\$ 2,698,780	\$ 12,948,215	\$ 12,610,693	\$ 337,522	\$ (252,231)	\$ (88)	\$ 1,674,683	\$ 4,536	\$ 2,788,519
12	October	\$ 2,788,519	\$ 13,476,360	\$ 13,148,498	\$ 327,862	\$ (268,273)	\$ -	\$ 1,721,708	\$ 4,663	\$ 2,852,771
13	November	\$ 2,852,771	\$ 13,027,042	\$ 12,500,711	\$ 526,331	\$ (255,398)	\$ -	\$ 1,825,514	\$ 4,944	\$ 3,128,648
14	December	\$ 3,128,648	\$ 13,230,418	\$ 12,492,192	\$ 738,226	\$ (253,086)	\$ -	\$ 2,059,477	\$ 5,578	\$ 3,619,366
15	Total		\$ 150,080,699	\$ 145,427,501	\$ 4,653,198	\$ (4,082,413)	\$ (24,857)		\$ 55,133	To Sch A
16										
17	2018 January	\$ -	\$ 13,301,362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	February	\$ -	\$ 12,451,601	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	March	\$ -	\$ 13,258,795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	April	\$ -	\$ 12,725,921	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	May	\$ -	\$ 12,317,361	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	June	\$ -	\$ 12,248,452	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	July	\$ -	\$ 13,081,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	August	\$ -	\$ 13,284,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	September	\$ -	\$ 12,449,542	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	October	\$ -	\$ 12,957,347	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	November	\$ -	\$ 12,525,334	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	December	\$ -	\$ 12,720,877	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			\$ 153,324,004							
Sources of Data:		Sch B1	Sch B2	Col (c) - (d)	Note 2	Note 1	Cols (b)+(g)+((e)+(f))/2/(i)	Cols (b)+(e)+(f)+(g)+(i)		

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

**Note 1: Adjustment Summary**

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

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

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

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

Line No.	Description (a)	Reference (b)	Docket No 2009 0164 Amounts (c)	Docket No 2015 0170 Amounts (d)	Docket No 2015 0170 Amounts (e)	Docket No 2015 0170 Amounts (f)	Docket No 2015 0170 Amounts (g)	Docket No 2015 0170 Amounts (h)	Docket No 2015 0170 Amounts (i)	Docket No 2015 0170 Amounts (j)
1	Last Rate Case Annual Electric Revenue at Approved Rate Levels	Note 1	\$ 355,605	\$ 355,605	\$ 355,605	\$ 299,770	\$ 299,770	\$ 289,771	\$ 289,771	\$ 289,771
2	Less Fuel Expense	Note 1	\$ (80,078)	\$ (80,078)	\$ (80,078)	\$ (45,996)	\$ (45,996)	\$ (45,996)	\$ (45,996)	\$ (45,996)
3	Purchased Power Expense	Note 1	\$ (105,866)	\$ (105,866)	\$ (105,866)	\$ (72,438)	\$ (72,438)	\$ (72,438)	\$ (72,438)	\$ (72,438)
4	Revenue Taxes on Line 1 (6.885% statutory rates)		\$ (31,596)	\$ (31,596)	\$ (31,596)	\$ (26,635)	\$ (26,635)	\$ (25,746)	\$ (25,746)	\$ (25,746)
5	Last Rate Order Target Annual Revenues	Sum Lines 1 thru 4	\$ 138,065	\$ 138,065	\$ 138,065	\$ 154,701	\$ 154,701	\$ 145,591	\$ 145,591	\$ 145,591
6	Add Authorized RAM Revenues - Transmittal No 16-02	Note 2	\$ 6,534	\$ 6,534	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Less Revenue Taxes on Line 9 at 8.885%		\$ (1,758)	\$ (1,758)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Net RAM Adjustment - Test Year +5	Line 6 + Line 7	\$ 7,775	\$ 7,775	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Authorized RAM Revenues - Transmittal No 17-03	Note 3	\$ -	\$ -	\$ 11,776	\$ -	\$ -	\$ -	\$ -	\$ -
10	Less Revenue Taxes on Line 9 at 8.885%		\$ -	\$ -	\$ (1,046)	\$ -	\$ -	\$ -	\$ -	\$ -
11	Net RAM Adjustment - Test Year +6	Line 9 + Line 10	\$ -	\$ -	\$ 10,729	\$ -	\$ -	\$ -	\$ -	\$ -
12	Authorized RAM Revenues - Incremental 2017 RAM	Note 6	\$ -	\$ -	\$ -	\$ 3,242	\$ 3,242	\$ (288)	\$ -	\$ -
13	Less Revenue Taxes on Line 12 at 8.885%		\$ -	\$ -	\$ -	\$ (288)	\$ (288)	\$ -	\$ -	\$ -
14	Net RAM Adjustment - Test Year +7	Line 12 + Line 13	\$ -	\$ -	\$ -	\$ 2,954	\$ 2,954	\$ -	\$ -	\$ -
15	Authorized RAM Revenues - Transmittal No 18-02	Sch A, Line 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,577	\$ 6,577
16	Less Revenue Taxes on Line 15 at 8.885%		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (584)	\$ (584)
17	Net RAM Adjustment - Test Year +2	Line 12 + Line 13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,992	\$ 5,992
18	Less Earnings Sharing Revenue Credits	Sch A, Line 5 on Sch H	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	Less Revenue Taxes on Line 18 at 8.885%		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	Net Earnings Sharing Revenue Credit	Line 15 + Line 16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	PUC-ORDERED MAJOR OR BASELINE CAPITAL CREDITS	Sch A, Line 6 or Sch I	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	Total Annual Target Revenues		\$ 138,065	\$ 138,065	\$ 138,065	\$ 157,655	\$ 157,655	\$ 148,545	\$ 151,583	\$ 151,583
23	HELCO FY 2016 Final Annualized Revenues	Line 5	\$ 138,065	\$ 138,065	\$ 138,065	\$ -	\$ -	\$ -	\$ -	\$ -
24	HELCO FY 2016 - 2019 Annualized Revenues	Line 5 + Line 8	\$ 145,841	\$ 145,841	\$ 148,795	\$ -	\$ -	\$ -	\$ -	\$ -
25	HELCO FY 2016 - 2019 Annualized Revenues	Line 5 + Line 11	\$ 145,841	\$ 145,841	\$ 148,795	\$ -	\$ -	\$ -	\$ -	\$ -
26	HELCO FY 2016 Interim - 2017 Incremental RAM Addres Revs	Line 5 + Line 14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	June 1, 2016 Annualized Revenues + RAM Increase		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	Distribution of Target Revenues by Month	Note 4								
29	January	Note 4	\$ 12,104,787	\$ 12,104,787	\$ 12,104,787	\$ 13,301,362	\$ 13,301,362	\$ 12,317,361	\$ 12,317,361	\$ 12,317,361
30	February	9.30%	\$ 11,040,149	\$ 11,040,149	\$ 11,040,149	\$ 12,491,801	\$ 12,491,801	\$ 11,912,025	\$ 11,912,025	\$ 11,912,025
31	March	7.57%	\$ 12,192,291	\$ 12,192,291	\$ 12,192,291	\$ 13,288,795	\$ 13,288,795	\$ 12,748,162	\$ 12,748,162	\$ 12,748,162
32	April	8.10%	\$ 11,867,204	\$ 11,867,204	\$ 11,867,204	\$ 12,725,921	\$ 12,725,921	\$ 12,255,010	\$ 12,255,010	\$ 12,255,010
33	May	8.02%	\$ 12,206,875	\$ 12,206,875	\$ 12,206,875	\$ -	\$ -	\$ 12,317,361	\$ 12,317,361	\$ 12,317,361
34	June	8.28%	\$ 11,915,194	\$ 11,915,194	\$ 12,156,545	\$ -	\$ -	\$ -	\$ 12,249,457	\$ 12,249,457
35	July	8.01%	\$ 12,603,446	\$ 12,603,446	\$ 12,458,581	\$ -	\$ -	\$ -	\$ 13,081,645	\$ 13,081,645
36	August	8.64%	\$ 12,822,327	\$ 12,822,327	\$ 12,723,166	\$ 445,708	\$ 445,708	\$ 12,284,767	\$ 12,284,767	\$ 12,284,767
37	September	8.76%	\$ 12,735,044	\$ 12,735,044	\$ 12,723,166	\$ 13,948,215	\$ 13,948,215	\$ 12,469,547	\$ 12,469,547	\$ 12,469,547
38	October	8.38%	\$ 12,542,309	\$ 12,542,309	\$ 12,542,309	\$ 13,476,360	\$ 13,476,360	\$ 12,857,247	\$ 12,857,247	\$ 12,857,247
39	November	8.56%	\$ 13,045,450	\$ 13,045,450	\$ 13,045,450	\$ 13,027,042	\$ 13,027,042	\$ 12,525,334	\$ 12,525,334	\$ 12,525,334
40	December	8.50%	\$ 12,398,458	\$ 12,398,458	\$ 12,398,458	\$ 13,310,418	\$ 13,310,418	\$ 12,720,877	\$ 12,720,877	\$ 12,720,877
41	Total Distributed Target Revenues	100.00%	\$ 86,938,438	\$ 86,938,438	\$ 86,938,438	\$ 51,737,515	\$ 51,737,515	\$ 48,258,964	\$ 48,258,964	\$ 48,258,964

Note 1 Col c, d, e HELCO Revised Schedules Resulting from Decision and Order No. 2016-08, Exhibit 1A, page 1, filed February 21, 2017, in Docket No. 2009-0164.

Col 1, g, Interim Decision and Order No. 34766, Exhibit A, page 1, issued August 21, 2017, in Docket No. 2015-0170.

Col h, i, j Order No. 35119 Granting Motion to Adjust Interim Increase issued April 24, 2018 in Docket No. 2015-0170. Target Revenue calculation is provided in Exhibits in Motion to Adjust Interim Increase.

Exhibit 14, page 2 of 2 filed April 10, 2018.

Note 2 Transmittal 16-02 filed May 19, 2016 establishing 2016 RAM effective June 1, 2016.

Note 3 Transmittal 17-03 filed March 31, 2017 establishing 2017 RAM effective June 1, 2017.

Note 4 Source HELCO RBA Provision Tariff effective June 1, 2013 based on 2010 test year.

Note 5 Source HELCO RBA Provision Tariff effective August 31, 2017 based on 2016 test year.

Note 6 See Letter to Commission Subject: Interim Increase Tariff Schedule, Exhibit E, Lines 1 through 4 filed August 23, 2017.

Note 7 See also Exhibit 1, page 35 of the Settlement Agreement filed on July 11, 2017 for details explaining this incremental increase to the 2016 test year related to the 2017 RAM Revenue Adjustment.

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

Line No	Description	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017	July 2017	August 2017	September 2017	October 2017	November 2017	December 2017	Total
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	BILLED REVENUES:													
2	Current month's billed revenues (SAP0144)	27,495,384	25,650,093	25,059,658	27,336,423	26,397,447	27,072,585	27,894,994	27,432,229	28,341,854	28,743,228	29,766,123	28,943,261	331,153,511
3	Remove PBF revenues	(318,371)	(288,805)	(289,850)	(293,561)	(295,769)	(259,404)	(274,884)	(237,456)	(237,456)	(233,965)	(237,437)	(231,860)	(3,242,562)
4	Remove Social Share non-revenues	-	-	-	-	30,726	41,907	-	-	-	-	-	-	72,632
5	Other electric revenue adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
5 a	sum 1-4	27,177,013	25,361,488	25,769,808	27,067,186	26,133,565	26,774,182	27,620,108	27,174,783	28,104,390	28,549,643	29,528,686	28,711,602	327,963,182
6	UNBILLED REVENUES													
7	Current month's unbilled revenues (Unbilled Sales and Revenue Est)	12,961,049	11,957,727	13,491,794	13,481,445	13,661,922	14,172,605	13,924,704	15,174,773	15,152,112	15,262,112	15,997,107	15,947,182	172,483,532
8	Revenue and month's unbilled revenues (Unbilled Sales and Revenue Est)	(13,576,230)	(12,961,049)	(11,957,727)	(13,481,445)	(13,661,922)	(14,172,605)	(13,924,704)	(15,174,773)	(15,152,112)	(15,262,112)	(15,997,107)	(15,947,182)	(170,112,560)
8 a	Unbilled revenues per Unbilled Sales and Revenue Estimate	(615,181)	(1,103,333)	(2,034,628)	(410,349)	(180,376)	(510,883)	(237,361)	(1,240,669)	(22,650)	(1,108,059)	(274,004)	(35,325)	(2,310,952)
9	Recovery of 12-31-15 RBA balance through RBA Rate Adjustment beginning 6-1-16	(487,860)	(487,501)	(514,000)	(497,033)	(504,023)	(573,442)	(504,365)	(510,950)	(526,627)	(529,433)	(528,303)	(527,766)	(3,470,409)
10	Recovery of 12-31-15 RBA balance through RBA Rate Adjustment beginning 6-1-17	(33,100)	(33,100)	(33,100)	(33,100)	(33,100)	(33,100)	(33,100)	(33,100)	(33,100)	(33,100)	(33,100)	(33,100)	(33,100)
11	Recovery of ECAC actual	267,332	497,857	499,867	499,867	499,867	499,867	499,867	499,867	499,867	499,867	499,867	499,867	5,147,699
12	Recovery of ECAC actual	267,332	497,857	499,867	499,867	499,867	499,867	499,867	499,867	499,867	499,867	499,867	499,867	5,147,699
13	Accrual of PPAC adjustment	(11,900)	(699,300)	(101,600)	(13,700)	(13,700)	(13,700)	(13,700)	(13,700)	(13,700)	(13,700)	(13,700)	(13,700)	(1,000,000)
14	Reversal of PPAC accrual	153,632	94,700	92,700	92,700	307,500	307,500	307,500	307,500	(103,633)	(103,633)	55,200	55,200	1,154,032
15	Other adjustments - redress of 2017 contributions in excess of NPCC in rates	-	-	-	-	-	-	-	-	-	-	-	-	(232,209)
16	Adjust prior period RBA balance	-	-	-	-	2,041	-	-	-	-	-	-	-	(232,209)
17	Adjust prior period RBA related revenue taxes	-	-	-	-	-	-	-	-	-	-	-	-	(232,209)
18	Accrual of current month's RBA (PUC Monthly Financial Report pg 9A)	469,107	370,623	730,920	75,131	476,420	407,472	446,956	306,284	337,522	327,662	526,311	739,226	4,653,198
19	RBA gross up for revenue taxes	41,859	31,255	22,518	7,325	48,458	39,734	43,520	29,868	32,913	31,071	51,325	71,587	451,751
20	Trade discounts unbilled accruals	-	-	-	-	-	-	-	-	-	-	-	-	-
20 a	sum 6-19	-403,882	(402,148)	(145,195)	237,890	1,033,526	(788,505)	257,697	7,808	(254,000)	204,120	507,175	1,343,797	3,714,250
21	UNBILLED REVENUES	(212,099)	(1,505,471)	1,888,873	(172,459)	1,804,002	(277,822)	19,186	942,576	114,852	844,999	(69,884)	467,250	3,714,250
21 a	sum 20-20 a	26,964,914	23,856,017	27,658,681	26,894,727	27,937,567	26,486,360	27,639,295	28,117,359	28,069,538	29,394,642	29,458,802	29,178,851	331,697,429
22	TOTAL REVENUES PER GL (PUC Monthly Financial Report pg 3)	2,402,530	2,401,352	2,165,760	2,053,914	2,335,988	1,936,003	2,046,354	3,111,055	2,836,631	2,044,490	1,414,473	971,225	25,708,247
23	Remove Social Share revenues	(1,791,315)	(1,684,569)	(1,723,634)	(1,607,400)	(1,665,340)	(1,569,503)	(1,822,178)	(1,664,561)	(2,110,151)	(2,060,178)	(2,016,019)	(1,844,854)	(21,751,710)
24	Remove ECAC revenues	201	-	-	-	-	12	98	1	3	11	11	176	267
25	Remove PBF revenues	(21,712)	(19,684)	(19,717)	(20,459)	(20,173)	(20,359)	(18,748)	(16,156)	(16,156)	(15,832)	(16,154)	(15,832)	(221,166)
26	Remove revenue taxes of PBF revenues	65	65	65	65	65	65	65	65	65	65	65	65	65
27	Remove revenue taxes of unbilled revenues	(2,407,882)	(2,315,205)	(2,328,127)	(2,300,526)	(2,410,371)	(2,450,053)	(2,532,793)	(2,552,793)	(2,552,793)	(2,552,793)	(2,552,793)	(2,552,793)	(29,474,201)
28	Remove base load (adjusted for revenue taxes)	(6,316,051)	(5,665,385)	(5,908,164)	(6,148,631)	(6,041,419)	(6,059,497)	(6,333,735)	(6,442,457)	(6,442,457)	(6,442,457)	(6,399,241)	(6,155,339)	(74,422,326)
29	Remove base load (adjusted for revenue taxes)	(6,740,161)	(6,735,131)	(6,303,913)	(6,561,567)	(6,561,567)	(6,561,567)	(6,735,131)	(6,864,868)	(6,864,868)	(6,864,868)	(6,864,868)	(6,864,868)	(74,422,326)
30	Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
33	Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
34	Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
35	Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
36	Unbilled Adjustments to Determine Adjusted Revenues for RBA													
37	Remove ECAC revenues	51,204	(50,537)	113,689	31,254	322,676	(779,477)	904,474	344,493	(64,376)	(83,801)	(650,076)	248,825	(474,029)
38	Remove ECAC actual	(254,232)	(420,067)	(124,207)	(546,069)	(1,171,331)	1,441,569	154,862	87,567	12,087	127,256	235,533	(163,167)	(620,166)
39	Remove PBF revenues	(40,670)	(40,902)	(40,902)	(40,902)	(40,902)	(40,902)	(40,902)	(40,902)	(40,902)	(40,902)	(40,902)	(40,902)	(40,902)
40	Remove PBF revenues	(141,332)	(141,332)	(141,332)	(141,332)	(141,332)	(141,332)	(141,332)	(141,332)	(141,332)	(141,332)	(141,332)	(141,332)	(141,332)
41	Remove PBF revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
42	Remove PBF revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
43	Remove PBF revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
44	Remove PBF revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
45	Remove PBF revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
46	Remove PBF revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
47	Remove PBF revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
48	sum 23-47	(15,200,202)	(13,136,492)	(15,701,960)	(15,302,598)	(16,207,132)	(14,747,366)	(15,239,711)	(15,249,720)	(15,476,844)	(16,746,141)	(16,658,091)	(16,689,600)	(180,269,528)
49	RECORDED ADJUSTED REVENUES FOR RBA DETERMINATION	11,644,685	10,719,526	11,957,727	11,592,133	11,730,455	11,749,073	12,409,586	12,866,578	12,610,693	13,146,498	12,500,711	12,492,192	145,427,501
50	RECORDED ADJUSTED REVENUES FOR RBA DETERMINATION	11,644,685	10,719,526	11,957,727	11,592,133	11,730,455	11,749,073	12,409,586	12,866,578	12,610,693	13,146,498	12,500,711	12,492,192	145,427,501

Note: Totals may not add exactly due to rounding

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

Line No.	Description	Reference	Docket No. 2015-0170 Approved	Note 4 Previously Approved RAM	O&M Subject to Escalation Col (c) + (d)	Note 2 Net Inflation Indices	2018 O&M RAM Adjustment Col (e) * (f)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Base BU Labor Expenses	Schedule C1	\$ 10,052		\$ 10,052	3.94%	\$ 396
2	Base Non-Labor Expense	Schedule C2	\$ 40,778		\$ 40,778	4.14%	\$ 1,689
3	Payroll Taxes	Note 1	\$ 805		\$ 805	3.94%	\$ 32
4	Subtotal Expense Increase - RAM Adjustment before revenue taxes						\$ 2,117
5	Revenue Tax Factor (Note 3)						1.0975
6	O&M RAM (Subtotal Expenses x Rev Tax Factor)						<u>\$ 2,323</u>
							To Sch A1

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

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

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

Note 2: Escalation Rates

Labor	2017	2018	
Bargaining Unit Wage Increase	2.75%	2.67%	(See HELCO-WP-C-001)
Less: Labor Productivity Offset	0.76%	0.76%	Approved in Final D&O in Docket No. 2008-0274, page 51, filed on August 31, 2010
Labor Cost Escalation Rate	<u>1.99%</u>	<u>1.91%</u>	
2017 Labor Cost Escalation		1.0199	A (2017 labor escalation plus 1)
2018 Labor Cost Escalation		1.0191	B (2018 labor escalation plus 1)
		<u>1.0394</u>	C = A * B
2017 - 2018 Compounded Labor Cost %		<u>0.0394</u>	D = C - 1
Non-Labor:	2017	2018	
GDP Price Index	<u>2.00%</u>	<u>2.10%</u>	(See HELCO-WP-C-002)
2017 Non-Labor Cost escalation		1.020	E (2017 non-labor escalation plus 1)
2018 Non-labor Cost Escalation		1.021	F (2018 non-labor escalation plus 1)
2017 - 2018 Compounded Non-Labor Cost Escalation		<u>1.0414</u>	G = E * F
2018 Compounded Non-Labor Cost %		<u>0.0414</u>	H = G - 1

Note 3: Computation of Revenue Tax Factor

Public Service Tax Rate	0.05685
PUC Fees Rate	0.00500
Franchise Tax Rate	<u>0.02500</u>
Total Revenue Tax Rate	0.08685

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

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

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

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

\* amounts may not add due to rounding

Note 1: See HELCO Interim Decision and Order No. 34766, Exhibit A, page 1 issued August 21, 2017, in Docket No. 2015-0170. The amortization of contributions in excess of NPPC was removed from the amounts shown above. See HELCO Revision to Exhibits in Motion to Adjust Interim Increase, Exhibit 5A, filed April 10, 2018.

Administrative & General per Exhibit 5A	18,374.00
Refund of amortization included in rates from Aug. 31, 2017 to May 1, 2018	(270.00)
Administrative & General Total	<u>18,644.00</u>

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

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



HAWAII ELECTRIC LIGHT COMPANY, INC.  
DECOUPLING CALCULATION WORKBOOK

Non-Labor Exclusion  
Adjustment for O&M RAM  
(\$ in Thousands)

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

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

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

Line No.	Description (a)	AMOUNTS IN THOUSANDS (b)	PERCENT OF TOTAL (c)	COST RATE (d)	POST TAX WEIGHTED EARNINGS REQMTS (e)	Note 1 INCOME TAX FACTOR (f)	PRETAX WEIGHTED EARNINGS REQMTS (g)
1	<u>PUC APPROVED CAPITAL STRUCTURE &amp; COSTS (Note 2):</u>						
2	Short-Term Debt	\$ -	0.00%	1.50%	0.00%	1.000000	0.00%
3	Long-Term Debt	204,912	40.13%	5.40%	2.17%	1.000000	2.17%
4	Hybrid Securities	9,515	1.86%	7.21%	0.13%	1.000000	0.13%
5	Preferred Stock	6,713	1.31%	8.18%	0.11%	1.346835	0.14%
6	Common Equity	289,453	56.69%	9.50%	5.39%	1.346835	7.25%
7	Total Capitalization	<u>\$ 510,593</u>	<u>100.00%</u>		<u>7.79%</u>		<u>9.70%</u>
8	RAM CHANGE IN RATE BASE (From Sch D1)						<u>\$ 10,968</u>
9	PRETAX RATE OF RETURN (Line 7, Col g)						<u>9.70%</u>
10	PRETAX RETURN REQUIREMENT						<u>\$ 1,063.9</u>
11	REVENUE TAX FACTOR (1/(1-8.885%))						<u>1.0975</u>
12	RATE BASE RAM - RETURN ON INVESTMENT						<u>\$ 1,167.6</u> To Sch A1

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

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

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

Line No.	Description (a)	HELCO 2016 Test Year Rate Base (Note 2)		HELCO 2018 RAM Rate Base		
		Beg Balance 12/31/16 (b)	Budgeted Balance 12/31/16 (c)	Adjusted Recorded at 12/31/2017 (d)	RAM Projected Amounts (e)	Estimated at 12/31/2018 (f)
1	Net Cost of Plant in Service	\$ 649,484	\$ 667,682	\$ 678,926	\$ 6,057	\$ 684,983
2	Property Held for Future Use	987	755			
3	Fuel Inventory	8,021	8,021			
4	Materials & Supplies Inventories	7,082	7,082			
5	Regulatory Asset - ASC 740	11,463	11,477			
6	Pension Regulatory Asset	22,912	26,421			
7	ConInb in Excess of NPPC	1,524	1,524			
8	Pension Asset	-	-			
9	Unamort Sys Dev Costs	4,848	4,169			
10	Total Additions	\$ 704,321	\$ 725,131	\$ 735,069	\$ 6,057	\$ 741,126
11	Unamortized CIAC	\$ (95,298)	\$ (97,211)	\$ (100,006)	\$ (2,700)	\$ (102,707)
12	Customer Advances	(11,172)	(11,259)			
13	Customer Deposits	(3,224)	(2,788)			
14	Accumulated Def Income Taxes	(101,743)	(110,377)	(58,174)	(400)	(58,574)
15	ADIT Excess Reg Liability			(55,037)	98	(54,939)
16	Unamortized State ITC (Gross)	(15,184)	(15,787)			
17	Pension Reg Liability (Prepaid)	(496)	(1,370)			
18	OPEB Reg Liability	(1,548)	(2,080)			
19	Total Deductions	\$ (228,665)	\$ (240,672)	\$ (245,671)	\$ (3,003)	\$ (248,674)
20	Working Cash	\$ 1,351	\$ 1,351	\$ 1,351	Not Updated	\$ 1,351
21	Rate Base at Proposed Rates	\$ 477,007	\$ 485,610	\$ 490,749		\$ 493,803
22	Average Rate Base		\$ 481,309			\$ 492,276
23	Change In Rate Base					\$ 10,968 To Sch D
24	Column (e) Projected Changes to Rate Base					
25	Plant - Baseline Capital Project Additions		Reference	Amount		
26	Major CIP Project Additions		Schedule D2	\$ 51,194		
27	Accumulated Depreciation/Amortization Change		Schedule D3	-		
28	Net Plant		Schedule E	(45,137)		
			Sum Lines 25-27	\$ 6,057		
29	Accum Deferred Income Taxes - Baseline and Major Capital Projects		Schedule F	\$ (400)		
30	Excess ADIT Reg Liability Amortization		Schedule D5	98		
31	Projected CIAC Additions - Baseline		Schedule G	\$ (6,132)		
32	Projected CIAC Additions - Major CIP		Schedule G	-		
33	Less Amortization of CIAC		Schedule G	3,432		
34	Total Change in CIAC in Rate Base		Sum Lines 31-33	\$ (2,700)		

Note 1 Amounts are recorded, except for the following adjustments

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

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

Note 2 See Hawaii Electric Light Company, Inc. PUC Order No 35419, Granting Motion to Adjust Interim Increase, Exhibit B, Page 1 of 2, filed April 24, 2018 in Docket No 2015-0170

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

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

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

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

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

Line No	Description (a)	3/31/2014		3/27/2015		3/29/2016		3/29/2017		3/27/2018	
		2013 (b)		2014 (c)		2015 (d)		2016 (e)		2017 (f)	
1	Total Plant Additions	\$ 59,016,572		\$ 51,615,842		\$ 51,663,728		\$ 52,675,304		\$ 55,208,465	
2											
3											
4	Less Major Projects (+\$2.5 Million)										
5											
6	2013 In-Service										
7	None										
8											
9	2014 In-Service										
10	Keamuku-Keahole 6800 kV Line Recon Ph 1 - Note 1		2012-0392	H0002509	(2,730,442)	141,116		10			
11	Keahole CT-4 Major Overhaul - Note 2		2013-0144	H0002725	(1,622,930)	(19,335)		-			
12											
13	2015 In-Service										
14	None										
15											
16	2016 In-Service										
17	Keamuku-Keahole 6800 69 kV Line Recon Phase 2		2012-0392	H0002612			(2,961,593)				
18	Keamuku-Keahole 6800 69 kV Line Recon Phase 3		2012-0392	H0002658			(2,703,182)			(32,940)	
19	Keahole CT-5 Major Overhaul		2013-0144	H0002724			(3,333,467)				
20											
21	2017 In-Service										
22	Keamuku-Keahole 6800 69 kV Line Recon Phase 4		2012-0392	H0002669						(945,457)	
23											
24											
25	Total Net Plant Additions (excluding major projects)	\$ 59,016,572		\$ 47,262,470		\$ 51,785,510		\$ 43,677,072		\$ 54,230,068	
26											
27	Last Five-Year Average									\$ 51,194,338	
										To Sch D1	

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

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

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

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

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

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

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

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

SOURCE: HELCO-WP-D5-001

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

Line No	NARUC Account (a)	Recorded Depreciable/Amort Balance (Note 2) (b)	Adjustments (Note 3) (c)	Adjusted Depreciable/Amort. Balance (d)	PUC Approved Accrual Rate in Dkt No. 2009-0321 (e)	Annual Accrual (f)
1	<b>Plant Accounts</b>					
2	311	\$ 18,504,949		\$ 18,504,949	0.02900	\$ 536,644
3	312	70,434,601	(1,680,000)	68,754,601	0.03080	2,117,642
4	314	48,505,690		48,505,690	0.02540	1,232,045
5	315	9,576,439		9,576,439	0.03350	320,811
6	Tot - Steam	147,021,679	(1,680,000)	145,341,679	0.02895	4,207,142
7						
8	331	97,513		97,513	0.00940	917
9	332	6,233,976		6,233,976	0.02030	126,550
10	333	2,107,816		2,107,816	0.02130	44,896
11	334	755,981		755,981	0.00620	4,687
12	336	121,311		121,311	0.00000	-
13	Tot - Hydro	9,316,597	-	9,316,597	0.01900	177,050
14						
15	341	24,688,574		24,688,574	0.02640	651,778
16	342	12,967,032		12,967,032	0.01990	258,044
17	343	69,059,806		69,059,806	0.02220	1,533,128
18	344	54,240,065		54,240,065	0.01910	1,035,985
19	345	7,767,658		7,767,658	0.01710	132,827
20	Tot - Other Prod	168,723,135	-	168,723,135	0.02141	3,611,762
21						
22	Tot - Prod	325,061,411	(1,680,000)	323,381,411		7,995,954
23						
24	350.1	3,242,961		3,242,961	0.01460	47,347
25	352	4,083,524		4,083,524	0.00890	36,343
26	353	69,225,372		69,225,372	0.01980	1,370,662
27	354	60,041		60,041	0.02120	1,273
28	355	62,978,162		62,978,162	0.01750	1,102,118
29	356	45,544,844		45,544,844	0.04430	2,017,637
30	357	305,800		305,800	0.00000	-
31	358	673,818		673,818	0.00180	1,213
32	359	128,935		128,935	0.01350	1,741
33	Tot - Transm	186,243,457	-	186,243,457	0.02458	4,578,334
34						
35	360.1	675,771		675,771	0.01990	13,448
36	361	3,842,402		3,842,402	0.01600	61,478
37	362	70,322,861		70,322,861	0.01820	1,279,876
38	363	1,194,003		1,194,003	0.03960	47,283
39	364	132,602,754		132,602,754	0.03780	5,012,384
40	365	115,674,022		115,674,022	0.03400	3,932,917
41	366	39,575,046		39,575,046	0.02870	1,135,804
42	367	118,934,096		118,934,096	0.04080	4,852,511
43	368	109,383,120	(22,601)	109,360,519	0.06670	7,513,068
44	369.1	44,435,480		44,435,480	0.03470	1,541,911
45	369.2	32,211,043		32,211,043	0.02850	918,015
46	370	21,828,155		21,828,155	0.04840	1,056,483
47	Tot - Distr	690,678,752	(22,601)	690,656,152	0.03962	27,365,177
48						
49	Tot - T & D	876,922,210	(22,601)	876,899,609		31,943,511
50						
51	390	21,765,069		21,765,069	0.01290	280,769
52	Tot - General	21,765,069	-	21,765,069	0.01290	280,769
53						
54	Sub-Total	1,223,748,690	(1,702,601)	1,222,046,090		40,220,234
55						
56	390.2 (Kanoelehua)	793,494		793,494	0.01540	12,220
57	Tot - LH Impr	793,494	-	793,494	0.01540	12,220
58						
59	392.1	7,137,187		7,137,187	0.15120	1,079,143
60	392.2	16,383,882		16,383,882	0.02720	445,642
61	Tot - Vehicles	23,521,069	-	23,521,069	0.06483	1,524,785
62						
63						
64	Utility Total Depreciation	\$ 1,248,063,254	\$ (1,702,601)	\$ 1,246,360,653	0.03350	\$ 41,757,239



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

SCHEDULE E  
(REVISED 5-21-18)  
PAGE 2 OF 2

Line No.	NARUC Account (a)	Recorded Depreciable/Amort. Balance (Note 2) (b)	Adjustments (Note 3) (c)	Adjusted Depreciable/Amort. Balance (d)	PUC Approved Accrual Rate in Dkt No. 2009-0321 (e)	Annual Accrual (f)
65						
66						
67	Amortization Amounts					
68						
69	316	\$ 1,990,400		\$ 1,990,400	0.05000	\$ 99,520
70	Tot - Steam	1,990,400	-	1,990,400	0.05000	99,520
71						
72	335	137,873		137,873	0.05000	6,894
73	Tot - Hydro	137,873	-	137,873	0.05000	6,894
74						
75	346	3,599,439		3,599,439	0.05000	179,972
76	Tot - Other Prod	3,599,439	-	3,599,439	0.05000	179,972
77						
78	Tot - Prod	5,727,712	-	5,727,712	0.05000	286,386
79						
80	391.1	2,514,263		2,514,263	0.20000	502,853
81	391.2	483,063		483,063	0.10000	48,306
82	391.3	749,362		749,362	0.06670	49,982
83	393	831,088		831,088	0.04000	33,244
84	394	11,689,475		11,689,475	0.04000	467,579
85	395	291,059		291,059	0.06670	19,414
86	396	667		667	0.05560	37
87	397	25,267,026		25,267,026	0.06670	1,685,311
88	398	4,303,228		4,303,228	0.06670	287,025
89	Tot - General	\$ 46,129,231	\$ -	\$ 46,129,231	0.06707	\$ 3,093,751
90						
91						
92						
93						
94						
95	Utility Total Amortization	\$ 51,856,943	\$ -	\$ 51,856,943	0.06518	\$ 3,380,137
96						
97	TOTAL RAM DEPRECIATION / AMORTIZATION				Line 64 + Line 95	\$ 45,137,376 To Sch D1
98	LESS: Vehicle Depreciation (A/C 392 above)				Line 61	\$ (1,524,785)
99	ADD: ADIT Excess Amortization				Schedule D5	\$ (97,692)
100	LESS: Depreciation & Amortization in Current Revenues				Note 1	\$ (40,503,308)
101						
102	RAM Adjustment for Depreciation & Amortization					\$ 3,011,591
103	RAM Adjustment for CIAC Amortization				Schedule G, line 17	\$ (199,646)
104	Total RAM Adjustment for Depreciation & Amortization					\$ 2,811,945
105	Times; Factor for Revenue Taxes				Schedule C Line 5	1.0975
106						
107	RAM DEPRECIATION & AMORTIZATION				Line 104 x Line 105	\$ 3,085,149 To Sch A1
Note 1: Depreciation & Amortization in Current Revenues (ii):						
				2016 Test Year	2018 RAM Year	Incremental RAM
	Total Depreciation	\$ 42,106,000		\$ 42,106,000	\$ 45,137,376	\$ 3,031,376
	LESS: Vehicle Depreciation (A/C 392)	(1,505,000)		(1,505,000)	(1,524,785)	(19,785)
	LESS: Amortization of ADIT Excess Amortization	(97,692)		(97,692)	(97,692)	-
	Depreciation and Amortization in Current Revenues	40,503,308		40,503,308	43,514,899	3,011,591
	Less, CIAC Amortization	(3,232,000)	Schedule G, Col. (d)	(3,232,000)	(3,431,646)	(199,646)
	Net Depreciation and Amortization in Current Revenues	\$ 37,271,308		\$ 37,271,308	\$ 40,083,253	\$ 2,811,945
See Hawaii Electric Light Company, Inc. Docket No. 2015-0170 HELCO-1601; Revision to Exhibits in Motion to Adjust Interim Increase, Exhibit 3D, page 1 of 13, filed April 10, 2018 and PUC Order No. 35419, Granting Motion to Adjust Interim Increase, Exhibit A, page 1 of 4, filed April 24, 2018.						
Note 2:						
	Utility Total Depreciable Plant Balance - Line 64	\$ 1,248,063,254				
	Utility Total Amortizable Plant Balance - Line 95	51,856,943				
	Total Utility Depreciation and Amortization Plant Balance	\$ 1,299,920,197				
	Total Utility Plant in Service (i)	\$ 1,305,832,608				
	less: Land (ii)	(5,912,412)				
	Total Depreciable Plant in Service	\$ 1,299,920,196				
	SOURCE:					
	(i) - Hawaii Electric Light Company, Inc. Monthly Financial Report - December 2017, pages 8, filed March 1, 2018.					
	(ii) - Accounting records.					
Note 3:						
	ARO Assets included in Depreciable Plant (A/C 10100001)	\$ (1,702,601)				

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

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

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

HAWAII ELECTRIC LIGHT COMPANY  
DECOUPLING CALCULATION WORKBOOK  
DETERMINATION OF TAX DEPRECIATION

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

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

Note 1 Basis subject to bonus depreciation			
5 yr	0.00%	-	0.00%
7 yr	0.00%	-	0.00%
15 yr	0.00%	-	0.00%
20 yr	0.00%	-	0.00%
39 yr	n/a	n/a	n/a
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	0.00%	0.00%	0.00%

Note 1 Basis subject to regular depreciation			
5 yr	0.76%	-	0.76%
7 yr	0.85%	-	0.85%
15 yr	11.36%	-	11.36%
20 yr	77.69%	-	77.69%
39 yr	4.43%	-	4.43%
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	95.10%	-	95.10%

TOTAL ASSETS			
5 yr	0.76%	-	0.76%
7 yr	0.85%	-	0.85%
15 yr	11.36%	-	11.36%
20 yr	77.69%	-	77.69%
39 yr	4.43%	-	4.43%
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	95.10%	-	95.10%

Net Depreciable Baseline Plant Adds			
Major Capital Projects	(From Sch F2)	-	-
Total Depreciable Plant Adds	-	-	-

Reconciliation from Baseline Plant Adds to Net Depreciable Plant Adds			
Baseline Capital Projects Plant Adds	HELCO-WP-F1-001, pg. 1	\$ 51,194,338	Sch D2
Less Repair deduction	HELCO-WP-F1-001, pg. 1	44,113,443	< supported by Special Study each year
Net plant add basis	-	2,162,255	-
Less Land and Vehicles (4.90% x \$44,113,443)	-	\$ 41,951,189	-

Note 1 The 2017 Tax Cuts and Jobs Act (TCJA) precludes public utility companies from utilizing bonus depreciation on qualified property acquired and placed in service after September 27, 2017			
5 yr	0.76%	-	0.76%
7 yr	0.85%	-	0.85%
15 yr	11.36%	-	11.36%
20 yr	77.69%	-	77.69%
39 yr	4.43%	-	4.43%
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	95.10%	-	95.10%

Note 1 Basis subject to bonus depreciation			
5 yr	0.00%	-	0.00%
7 yr	0.00%	-	0.00%
15 yr	0.00%	-	0.00%
20 yr	0.00%	-	0.00%
39 yr	n/a	n/a	n/a
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	0.00%	0.00%	0.00%

Note 1 Basis subject to regular depreciation			
5 yr	0.76%	-	0.76%
7 yr	0.85%	-	0.85%
15 yr	11.36%	-	11.36%
20 yr	77.69%	-	77.69%
39 yr	4.43%	-	4.43%
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	95.10%	-	95.10%

Note 1 Basis subject to bonus depreciation			
5 yr	0.00%	-	0.00%
7 yr	0.00%	-	0.00%
15 yr	0.00%	-	0.00%
20 yr	0.00%	-	0.00%
39 yr	n/a	n/a	n/a
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	0.00%	0.00%	0.00%

Note 1 Basis subject to regular depreciation			
5 yr	0.76%	-	0.76%
7 yr	0.85%	-	0.85%
15 yr	11.36%	-	11.36%
20 yr	77.69%	-	77.69%
39 yr	4.43%	-	4.43%
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	95.10%	-	95.10%

Note 1 Basis subject to bonus depreciation			
5 yr	0.00%	-	0.00%
7 yr	0.00%	-	0.00%
15 yr	0.00%	-	0.00%
20 yr	0.00%	-	0.00%
39 yr	n/a	n/a	n/a
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	0.00%	0.00%	0.00%

Note 1 Basis subject to regular depreciation			
5 yr	0.76%	-	0.76%
7 yr	0.85%	-	0.85%
15 yr	11.36%	-	11.36%
20 yr	77.69%	-	77.69%
39 yr	4.43%	-	4.43%
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	95.10%	-	95.10%

Note 1 Basis subject to bonus depreciation			
5 yr	0.00%	-	0.00%
7 yr	0.00%	-	0.00%
15 yr	0.00%	-	0.00%
20 yr	0.00%	-	0.00%
39 yr	n/a	n/a	n/a
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	0.00%	0.00%	0.00%

Note 1 Basis subject to regular depreciation			
5 yr	0.76%	-	0.76%
7 yr	0.85%	-	0.85%
15 yr	11.36%	-	11.36%
20 yr	77.69%	-	77.69%
39 yr	4.43%	-	4.43%
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	95.10%	-	95.10%

Note 1 Basis subject to bonus depreciation			
5 yr	0.00%	-	0.00%
7 yr	0.00%	-	0.00%
15 yr	0.00%	-	0.00%
20 yr	0.00%	-	0.00%
39 yr	n/a	n/a	n/a
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	0.00%	0.00%	0.00%

Note 1 Basis subject to regular depreciation			
5 yr	0.76%	-	0.76%
7 yr	0.85%	-	0.85%
15 yr	11.36%	-	11.36%
20 yr	77.69%	-	77.69%
39 yr	4.43%	-	4.43%
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	95.10%	-	95.10%

Note 1 Basis subject to bonus depreciation			
5 yr	0.00%	-	0.00%
7 yr	0.00%	-	0.00%
15 yr	0.00%	-	0.00%
20 yr	0.00%	-	0.00%
39 yr	n/a	n/a	n/a
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	0.00%	0.00%	0.00%

Note 1 Basis subject to regular depreciation			
5 yr	0.76%	-	0.76%
7 yr	0.85%	-	0.85%
15 yr	11.36%	-	11.36%
20 yr	77.69%	-	77.69%
39 yr	4.43%	-	4.43%
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	95.10%	-	95.10%

Note 1 Basis subject to bonus depreciation			
5 yr	0.00%	-	0.00%
7 yr	0.00%	-	0.00%
15 yr	0.00%	-	0.00%
20 yr	0.00%	-	0.00%
39 yr	n/a	n/a	n/a
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	0.00%	0.00%	0.00%

Note 1 Basis subject to regular depreciation			
5 yr	0.76%	-	0.76%
7 yr	0.85%	-	0.85%
15 yr	11.36%	-	11.36%
20 yr	77.69%	-	77.69%
39 yr	4.43%	-	4.43%
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	95.10%	-	95.10%

Note 1 Basis subject to bonus depreciation			
5 yr	0.00%	-	0.00%
7 yr	0.00%	-	0.00%
15 yr	0.00%	-	0.00%
20 yr	0.00%	-	0.00%
39 yr	n/a	n/a	n/a
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	0.00%	0.00%	0.00%

Note 1 Basis subject to regular depreciation			
5 yr	0.76%	-	0.76%
7 yr	0.85%	-	0.85%
15 yr	11.36%	-	11.36%
20 yr	77.69%	-	77.69%
39 yr	4.43%	-	4.43%
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	95.10%	-	95.10%

Note 1 Basis subject to bonus depreciation			
5 yr	0.00%	-	0.00%
7 yr	0.00%	-	0.00%
15 yr	0.00%	-	0.00%
20 yr	0.00%	-	0.00%
39 yr	n/a	n/a	n/a
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	0.00%	0.00%	0.00%

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5 yr	0.76%	-	0.76%
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20 yr	77.69%	-	77.69%
39 yr	4.43%	-	4.43%
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
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5 yr	0.00%	-	0.00%
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15 yr	0.00%	-	0.00%
20 yr	0.00%	-	0.00%
39 yr	n/a	n/a	n/a
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	0.00%	0.00%	0.00%

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Land	n/a	n/a	n/a
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5 yr	0.00%	-	0.00%
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15 yr	0.00%	-	0.00%
20 yr	0.00%	-	0.00%
39 yr	n/a	n/a	n/a
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	0.00%	0.00%	0.00%

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5 yr	0.76%	-	0.76%
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15 yr	11.36%	-	11.36%
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39 yr	4.43%	-	4.43%
Land	n/a	n/a	n/a
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5 yr	0.00%	-	0.00%
7 yr	0.00%	-	0.00%
15 yr	0.00%	-	0.00%
20 yr	0.00%	-	0.00%
39 yr	n/a	n/a	n/a
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	0.00%	0.00%	0.00%

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5 yr	0.76%	-	0.76%
7 yr	0.85%	-	0.85%
15 yr	11.36%	-	11.36%
20 yr	77.69%	-	77.69%
39 yr	4.43%	-	4.43%
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	95.10%	-	95.10%

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5 yr	0.00%	-	0.00%
7 yr	0.00%	-	0.00%
15 yr	0.00%	-	0.00%
20 yr	0.00%	-	0.00%
39 yr	n/a	n/a	n/a
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	0.00%	0.00%	0.00%

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5 yr	0.76%	-	0.76%
7 yr	0.85%	-	0.85%
15 yr	11.36%	-	11.36%
20 yr	77.69%	-	77.69%
39 yr	4.43%	-	4.43%
Land	n/a	n/a	n/a
Vehicles	n/a	n/a	n/a
Total	95.10%	-	95.10%

Note 1 Basis subject to bonus depreciation		
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HAWAII ELECTRIC LIGHT COMPANY, INC.  
DECOUPLING CALCULATION WORKBOOK  
TAX DEPRECIATION ON MAJOR CAPITAL PROJECTS ADDITIONS

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

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

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

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.  
DECOUPLING CALCULATION WORKBOOK

BASELINE CAPITAL PROJECTS CIAC ADDITIONS

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

Line No	Description (a)	2/21/2014		2/26/2015		2/23/2016		2/23/2017		3/1/2018	
		2013 (b)	2014 (c)	2015 (d)	2016 (e)	2017 (f)					
1	CIAC Balance, January 1 (Dec Rpt pg 10)	\$ (84,799,042)	\$ (89,762,888)	\$ (94,474,624)	\$ (95,297,753)	\$ (97,210,550)					
2	Less: CIAC Amortization (Dec Rpt pg 2)	2,766,490	2,955,035	3,142,029	3,232,226	3,357,714					
3	Less: CIAC Balance, December 31 (Dec Rpt pg 10)	89,762,888	94,474,624	95,297,753	97,210,550	96,884,021					To Sch G
4											
5	Total CIAC Additions	\$ 7,730,336	\$ 7,666,771	\$ 3,965,158	\$ 5,145,023	\$ 3,031,185					
6											
7	Add Developer Advances										
8	Total CIAC & Developer Advance Additions	7,730,336	7,666,771	3,965,158	5,145,023	6,153,388					To Sch G
9											
10	Less Major Projects:										
11											
12	2013 In-service										
13	None										
14											
15	2014 In-Service										
16	Keamuku-Keahole 6800 69 kV Line Phase 1	2012-0392	H0002509	-	-	-					
17	Keahole CT-4 Major Overhaul	2013-0144	H0002725	-	-	-					
18											
19	2015 In-service										
20	None										
21											
22	2016 In-service										
23	Keamuku-Keahole 6800 69 kV Line Phase 2	2012-0392	H0002612			-					
24	Keamuku-Keahole 6800 69 kV Line Phase 3	2012-0392	H0002658			-					
25	Keahole CT-5 Major Overhaul	2013-0144	H0002724			-					
26											
27	2017 In-service										
28	Keamuku-Keahole 6800 69 kV Line Phase 4	2012-0392	H0002669								
29											
30											
	Total Net CIAC & Developer Advance Additions	\$ 7,730,336	\$ 7,666,771	\$ 3,965,158	\$ 5,145,023	\$ 6,153,388					
	Last Five-Year Average					\$ 6,132,135					To Sch G

GENERAL NOTE

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

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

Customer Advances	(12,737,827)
Developer Advances (#25203000)	(3,122,203)
Customer Advances	(15,860,030) SOURCE: HELC Monthly Financial Report - December 2017, page 10, filed March 1, 2018

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

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

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

To Sch G

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

Line No	Description (a)	2016 Balance (b)	2017		2018 Amortization
			Amortization (c)	Balance (d)	
1	<u>CIAC by Vintage</u>				
2	1981	\$ 27,555.46	\$ (4,566.00)	\$ 22,989.46	\$ (4,566.00)
3	1982	36,891.11	(5,244.00)	31,647.11	(5,244.00)
4	1983	31,321.17	(3,898.00)	27,423.17	(3,898.00)
5	1984	221,798.75	(24,547.00)	197,251.75	(24,547.00)
6	1985	144,278.86	(14,376.00)	129,902.86	(14,376.00)
7	1986	240,437.24	(21,787.00)	218,650.24	(21,787.00)
8	1987	556,184.57	(46,211.00)	509,973.57	(46,211.00)
9	1988	303,146.17	(23,255.00)	279,891.17	(23,255.00)
10	1989	570,988.03	(40,681.00)	530,307.03	(40,681.00)
11	1990	1,674,760.18	(111,386.00)	1,563,374.18	(111,386.00)
12	1991	1,145,354.07	(71,425.00)	1,073,929.07	(71,425.00)
13	1992	2,440,371.84	(143,251.00)	2,297,120.84	(143,251.00)
14	1993	652,838.59	(47,286.00)	605,552.59	(47,286.00)
15	1994	1,246,359.01	(65,475.00)	1,180,884.01	(65,475.00)
16	1995	882,948.54	(44,069.00)	838,879.54	(44,069.00)
17	1996	1,338,953.10	(63,652.00)	1,275,301.10	(63,652.00)
18	1997	845,049.60	(38,349.00)	806,700.60	(38,349.00)
19	1998	431,416.06	(18,728.00)	412,688.06	(18,728.00)
20	1999	3,344,463.00	(139,146.00)	3,205,317.00	(139,146.00)
21	2000	2,514,390.29	(100,432.00)	2,413,958.29	(100,432.00)
22	2001	2,247,553.43	(86,326.00)	2,161,227.43	(86,326.00)
23	2002	2,213,485.38	(81,873.00)	2,131,613.38	(81,873.00)
24	2003	3,055,135.69	(109,330.00)	2,955,805.69	(109,330.00)
25	2004	1,852,953.91	(63,817.00)	1,789,136.91	(63,817.00)
26	2005	2,453,046.22	(81,671.00)	2,371,375.22	(81,671.00)
27	2006	4,397,850.69	(141,703.00)	4,256,147.69	(141,703.00)
28	2007	4,771,540.95	(148,945.00)	4,622,595.95	(148,945.00)
29	2008	5,072,335.91	(153,541.00)	4,918,794.91	(153,541.00)
30	2009	5,909,276.88	(173,620.00)	5,735,656.88	(173,620.00)
31	2010	5,427,259.11	(154,907.00)	5,272,352.11	(154,907.00)
32	2011	6,109,486.33	(169,708.00)	5,939,778.33	(169,708.00)
33	2012	9,623,419.00	(260,092.00)	9,363,327.00	(260,092.00)
34	2013	7,164,701.00	(188,545.00)	6,976,156.00	(188,545.00)
35	2014	7,292,783.00	(186,984.00)	7,105,799.00	(186,984.00)
36	2015	3,607,865.06	(90,197.00)	3,517,668.06	(90,197.00)
37	2015 - Land	267,096.00	-	267,096.00	-
38	2016	5,145,022.87	(125,488.00)	5,019,534.87	(125,488.00)
39	2017	-	-	3,031,185.84	(73,932.00)
40					
41					
42	<u>CIAC GET Adjustment</u>				
43	-adj 92-96 GET				
44	-adj 97 GET				
45	-adj 98 GET				
46	-adj 99 GET				
47	-adj 00 GET				
48	-adj 01 GET				
49	-adj 02 GET				
50	-adj 03 GET				
51	-adj 04 GET				
52	-adj 05 GET				
53	-adj 06 GET				
54	-adj 07 GET				
55	-adj 08 GET				
56	-adj 09 GET				
57	-adj 10 GET				
58	-adj 11 GET				
59	-adj 12 GET				
60					
61					
62	<u>In - Kind CIAC</u>				
63	1988	134,808.95	(10,341.00)	124,467.95	(10,341.00)
64	1989	182,471.09	(13,001.00)	169,470.09	(13,001.00)



HAWAII ELECTRIC LIGHT COMPANY, INC  
DECOUPLING CALCULATION WORKBOOK  
CIAC AMORTIZATION

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

To Sch G

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

Line No	Description (a)	Reference (b)	Ratemaking Basis Return on Equity		
			Operating Income (c)	Rate Base (d)	Rate of Return (e)
1	Reported Operating Income before ratemaking adj	Dec 2017 Monthly PUC Report, p 2A, filed 3/1/18 & HELCO-WP-H-001	\$ 31,726	\$ 489,594	
2	<u>Ratemaking Adjustments to Line 1</u>				
2a	Incentive Compensation Expenses (net of tax)	HELCO-WP-H-002	289		
2b	Discretionary and Other Expenses Not Recoverable (net of tax)	HELCO-WP-H-002	91		
2c	Amortization of investment income differential	HELCO-WP-H-003	24		
2d	Income tax on items to be replaced by synchronized interest	HELCO-WP-H-003	(4,470)		
2e	Remove Accrued Earnings Sharing Refund	HELCO-WP-H-005	-		
2f	Special Medical Needs Program Discount (net of tax)	HELCO-WP-H-007	11		
3	Ratemaking Basis Amounts - Post Tax	Sum Lines 1 & 2	\$ 27,570	\$ 489,594	
4	<u>Ratemaking Capitalization</u>		Balances	Ratios	Cost Rate
5	Short-Term Debt (12 mo Avg)	\$ -	0.00%	0.00%	0.00%
6	Long-Term Debt (Simple Avg)	\$ 202,574	39.88%	5.38%	2.14%
7	Hybrid Securities (Simple Avg)	\$ 9,552	1.88%	7.19%	0.14%
8	Preferred Stock (Simple Avg)	\$ 6,728	1.32%	8.16%	0.11%
9	Common Equity (Simple Avg)	\$ 289,049	56.91%	9.50%	5.41%
10	Total Capitalization	HELCO-WP-H-004	\$ 507,903	100.00%	7.80%
11	Line 3 Rate Base Amount			\$ 489,594	
12	Weighted Cost of Debt (Sum Lines 5-7)			2.28%	
13	Synchronized Interest Expense			\$ 11,159	
	Income Tax Factor (Note 1)			1.636929121	
13a	Synchronized Interest Expense, net of tax			\$ 6,817	
14	Post Tax Income Available for Preferred & Common (Line 3 - Line 13a)				\$ 20,853
15	Less: Preferred Income Requirement (Line 8 Weighted Cost times Rate Base)				\$ 529
16	Income Available for Common Stock				\$ 20,324
17	Ratemaking Equity Investment (Line 9 Ratio times Rate Base)				\$ 278,629
18	Return on Equity for Decoupling Earnings Sharing (Line 16/Line 17)				7.29%
19	<u>Earnings Sharing Revenue Credits</u>		Basis Points		
20	Achieved ROE (basis points)		729		
21	Authorized Return (basis points) (Interim D&O 34766 in Dkt No 2015-0170, filed on 08/21/17)		950		
22	ROE for sharing (basis points)		-		
23	Sharing Gnd per RAM Provision		First 100 bp	Next 200 bp	All over 300 bp
24	Distribution of Excess ROE (basis points)		0	0	0
25	Ratepayer Share of Excess Earnings		25%	50%	90%
26	Ratepayer Earnings Share - Basis Points		-	-	-
27	Revenue Credit per Basis Point (Note 2)				\$ 50
28	Earnings Sharing Revenue Credits (thousands)				\$ -
					To Sch A
Note 1	Composite Federal & State Income Tax Rate		38.91%		
	Income Tax Factor (1 / 1-tax rate)		1.636929121		
Note 2	Ratemaking Equity Investment (Line 19)		\$ 278,629		
	Basis Point = 1/100 of a percent		0.01%		
	Earnings Required per Basis Point (thousands)		\$ 27.86		
	Times Income Tax Conversion Factor		1.636929121		
	Pretax Income Required per Basis Point (thousands)		\$ 45		
	Times Revenue Tax Conversion Factor		1.0975		
	Revenue Requirement per Basis Point (thousands)		\$ 50		

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

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

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

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

Line No.	Description	Reference	Amount \$000
	(a)	(b)	(c)
1	Last Rate Order Target Annual Revenues	Schedule B1	\$ 145,591
2	2017 GDP Price Index	3/31/17 Decoupling, HELCO-WP-C-002	2.00%
3	RAM Cap for 2017 RAM Revenue Adjustment, excluding Exceptional & Other Matters	Line 1 x Line 2	\$ 2,912
4	2017 Target Revenues subject to escalation	Line 1 + Line 3	\$ 148,503
5	2018 GDP Price Index	HELCO-WP-C-002	2.10%
6	2018 RAM Cap Increase excluding Exceptional & Other Matters	Line 4 x Line 5	\$ 3,119
7	RAM Cap for 2017 RAM Revenue Adjustment	Line 3	\$ 2,912
8	RAM Cap for 2018 RAM Revenue Adjustment	Line 6 + Line 7	\$ 6,030
9	Revenue Tax Factor (1/(1-8.885%))		1.0975
10	RAM Cap for 2018 RAM Revenue Adjustment, excluding Exceptional & other Matters	Line 8 x Line 9	6,618
			<u>To Sch A1</u>

Note 1 Target Revenues:

See Decision and Order No. 32735, filed March 31, 2015, paragraph 107, page 94:

"The RAM Cap shall be based on the Target Revenues determined in accordance with the RBA and RAM tariffs as provided below ("Basis), times the cumulative annually compounded increase(s) in GDPPI for intervening years, adjusted to include applicable revenue taxes."

Continued in Decision and Order No. 32735, filed March 31, 2015, paragraph 109, page 96:

"Following the issuance of a final decision and order in a rate case, the Basis for the calculation of the RAM Cap shall be the target revenues determined in accordance with the RBA tariff based on the results of the Company's most recent final rate case decision." The Company requests that the 2018 RAM Cap be based on 2016 target revenues established as a result of Order No. 35419 in Hawaii Electric's 2016 test year rate case and requests to propose a change to replace most recent final rate case decision to most recent interim or final rate case decision".

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

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

**Note 1** Exceptional and Other Matters:

See Order No. 32735, filed March 31, 2015, paragraph 107, page 94 - 95:

"The Basis used in determining the RAM Cap shall be adjusted to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically ordered by the commission, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Cap."

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

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

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

	2018							2019					Total
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
R	31.5	34.5	35.1	32.0	33.8	32.8	36.5	35.4	29.3	33.4	31.3	30.8	396.4
G/J	31.8	34.4	34.9	33.6	34.8	32.3	32.1	30.2	29.7	31.7	31.6	33.0	390.1
P	21.6	22.1	22.7	22.7	23.0	22.1	21.9	21.8	21.1	21.8	22.2	22.1	265.0
F	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	2.7
Total	85.1	91.2	92.9	88.5	91.9	87.4	90.6	87.7	80.3	87.2	85.3	86.1	1,054.3
To Sch A													

Source: Hawaii Electric Light Company's March 2018 Sales Forecast Update.

Note: Totals may not add exactly due to rounding.

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

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

<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	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%
	3.00% 1/1/2018	0.0300	1.1525	0.0267	2.67%

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

## ATTACHMENT 4



Superseding Sheet No. 50D  
Effective May 1, 2018

REVISED SHEET No. 50D  
Effective June 1, 2018

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- 94.1DX	"FIT"	December 30, 2011	Schedule FIT Tier 3 Agreement
94.2- 94.2E	"FIT"	December 30, 2011	Schedule FIT Tier 3 Queuing and Interconnection Proc.
95	"PPAC"	May 1, 2018	Purchase Power Adjustment Clause
95A	"PPAC"	May 1, 2018	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 1, 2018	Rate Adjustment Mechanism Provision
96H	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
96I	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
97	"RBA"	January 1, 2018	Revenue Balancing Account Provision
97A	"RBA"	January 1, 2018	Revenue Balancing Account Provision
97B	"RBA"	January 1, 2018	Revenue Balancing Account Provision
97C	"RBA"	January 1, 2018	Revenue Balancing Account Provision
97D	"RBA"	January 1, 2018	Revenue Balancing Account Provision
97E	"RBA"	June 1, 2018	Revenue Balancing Account Provision
97F	"RBA"	June 1, 2018	Revenue Balancing Account Provision

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter dated May 21, 2018.

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, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in 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, LTD.

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

REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)  
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 any Performance Incentive Adjustment provided for in accordance with the Performance Incentive Mechanism Provision; and

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

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

MAUI ELECTRIC COMPANY, LTD.

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

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

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

Monthly Allocation Factors for the Target Revenue are as follows:

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.

MAUI ELECTRIC COMPANY, LTD.

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

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

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:

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

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

MAUI ELECTRIC COMPANY, LTD.

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

Superseding Sheet No. 97D  
Effective June 1, 2017

REVISED SHEET NO. 97D  
Effective January 1, 2018

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

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

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

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

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.

MAUI ELECTRIC COMPANY, LTD.

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

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

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

RBA Rate Adjustment

All Rate Schedules ..... 1.8954 ¢/kWh

F. NOTICE

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

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

G: COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

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

H: TARGET REVENUES CURRENTLY IN EFFECT

Maui Electric Company, Limited  
Annual Target Revenue (\$000s)

	<u>Description</u>	<u>Amount</u>
1	Electric Sales Revenue	\$410,903
	Less:	
2	Fuel Expense	(\$212,580)
3	Purchase Power Expense	(\$44,856)
4	Revenue Tax on Electric Sales Revenue	<u>(\$36,509)</u>
5	Last Rate Order Target Revenues	\$116,958
6	Authorized RAM Revenues	\$16,429
7	Revenue Tax	<u>(\$1,460)</u>
8	Net RAM Adjustment	\$14,969
9	Earnings Sharing Revenue Credits	\$0
10	Revenue Tax	<u>\$0</u>
11	Net Earnings Sharing Revenue Credits	\$0
12	Tax Reform Adjustment (1/1/18-5/31/18)	(\$2,769)
13	Revenue Tax	<u>\$246</u>
14	Net Tax Reform Adjustment	(\$2,523)
15	Effective Target Revenue	\$129,404

Notes:

Totals may not add, due to rounding.

See Transmittal Nos. 18-01, 18-02, and 18-03, Hawaiian Electric Companies  
Response to Consumer Advocate's Statement of Position.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.



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. 96C  
Effective March 30, 2014

REVISED SHEET NO. 96C  
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)iii. 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 interim or 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 May 21, 2018.



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 January 1, 2018

REVISED SHEET NO. 50H  
Effective June 1, 2018

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 1, 2018	Rate Adjustment Mechanism Provision
107H	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107I	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
108	"RBA"	January 1, 2018	Revenue Balancing Account Provision
108A	"RBA"	June 1, 2018	Revenue Balancing Account Provision
108B	"RBA"	June 1, 2018	Revenue Balancing Account Provision
108C	"RBA"	June 1, 2018	Revenue Balancing Account Provision
108D	"RBA"	June 1, 2018	Revenue Balancing Account Provision
108E	"RBA"	June 1, 2018	Revenue Balancing Account Provision
108F	"RBA"	June 1, 2018	Revenue Balancing Account Provision

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter dated May 21, 2018.

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, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in 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, LTD.

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

Superseding REVISED SHEET NO. 108A  
Effective January 1, 2018

REVISED SHEET NO. 108A  
Effective June 1, 2018

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 any Performance Incentive Adjustment provided for in accordance with the Performance Incentive Mechanism Provision; and

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

Superseding REVISED SHEET NO. 108B  
Effective January 1, 2017

REVISED SHEET NO. 108B  
Effective June 1, 2018

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

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

Monthly Allocation Factors for the Target Revenue are as follows:

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.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

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

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:

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 1998.

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

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

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

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

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.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.



Superseding Sheet No. 108E  
Effective January 1, 2018

REVISED SHEET NO. 108E  
Effective June 1, 2018

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

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

RBA Rate Adjustment

All Rate Schedules ..... 1.8954 ¢/kWh

F. NOTICE

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

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

G: COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

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

H: TARGET REVENUES CURRENTLY IN EFFECT

Maui Electric Company, Limited  
Annual Target Revenue (\$000s)

	<u>Description</u>	<u>Amount</u>
1	Electric Sales Revenue	\$410,903
	Less:	
2	Fuel Expense	(\$212,580)
3	Purchase Power Expense	(\$44,856)
4	Revenue Tax on Electric Sales Revenue	(\$36,509)
5	Last Rate Order Target Revenues	\$116,958
6	Authorized RAM Revenues	\$16,429
7	Revenue Tax	(\$1,460)
8	Net RAM Adjustment	\$14,969
9	Earnings Sharing Revenue Credits	\$0
10	Revenue Tax	\$0
11	Net Earnings Sharing Revenue Credits	\$0
12	Tax Reform Adjustment (1/1/18-5/31/18)	(\$2,769)
13	Revenue Tax	\$246
14	Net Tax Reform Adjustment	(\$2,523)
15	Effective Target Revenue	\$129,404

Notes:

Totals may not add, due to rounding.

See Transmittal Nos. 18-01, 18-02, and 18-03, Hawaiian Electric Companies  
Response to Consumer Advocate's Statement of Position.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

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.

Transmittal Letter Dated March 31, 2017.

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.



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 interim or 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 May 21, 2018.

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:

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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 January 1, 2018

REVISED SHEET NO. 100E  
Effective June 1, 2018

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 1, 2018	Rate Adjustment Mechanism Provision
151H	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151I	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
152	"RBA"	January 1, 2018	Revenue Balancing Account Provision
152A	"RBA"	January 1, 2018	Revenue Balancing Account Provision
152B	"RBA"	June 1, 2018	Revenue Balancing Account Provision
152C	"RBA"	June 1, 2018	Revenue Balancing Account Provision
152D	"RBA"	June 1, 2018	Revenue Balancing Account Provision
152E	"RBA"	June 1, 2018	Revenue Balancing Account Provision
152F	"RBA"	June 1, 2018	Revenue Balancing Account Provision

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Transmittal Letter Dated May 21, 2018.

Superseding Sheet No. 100F  
Effective January 1, 2018

REVISED SHEET NO. 100F  
Effective June 1, 2018

MOLOKAI DIVISION  
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
153	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
153A	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
153B	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
154	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
154A	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
154B	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
155	TOU-RI	November 21, 2016	Residential Interim Time-of-Use Service
155A	TOU-RI	November 21, 2016	Residential Interim Time-of-Use Service
155B	TOU-RI	November 21, 2016	Residential Interim Time-of-Use Service
155C	TOU-RI	November 21, 2016	Residential Interim Time-of-Use Service
156	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
156A	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
156B	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
156C	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
156D	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision

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Transmittal Letter Dated May 21, 2018.

Superseding Sheet No. 152  
Effective June 1, 2017

REVISED SHEET NO. 152  
Effective January 1, 2018

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, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in 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, LTD.

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

Superseding Sheet No. 152A  
Effective June 1, 2013

REVISED SHEET NO. 152A  
Effective January 1, 2018

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 any Performance Incentive Adjustment provided for in accordance with the Performance Incentive Mechanism Provision; and

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

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

MAUI ELECTRIC COMPANY, LTD.

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



Superseding Sheet No. 152B  
Effective January 1, 2018

REVISED SHEET NO. 152B  
Effective June 1, 2018

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

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

Monthly Allocation Factors for the Target Revenue are as follows:

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.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

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

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:

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

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

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

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

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

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

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.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

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

RBA Rate Adjustment

All Rate Schedules ..... 1.8954 ¢/kWh

F. NOTICE

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

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

G: COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

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

H: TARGET REVENUES CURRENTLY IN EFFECT

Maui Electric Company, Limited  
Annual Target Revenue (\$000s)

	<u>Description</u>	<u>Amount</u>
1	Electric Sales Revenue	\$410,903
	Less:	
2	Fuel Expense	(\$212,580)
3	Purchase Power Expense	(\$44,856)
4	Revenue Tax on Electric Sales Revenue	(\$36,509)
5	Last Rate Order Target Revenues	\$116,958
6	Authorized RAM Revenues	\$16,429
7	Revenue Tax	(\$1,460)
8	Net RAM Adjustment	\$14,969
9	Earnings Sharing Revenue Credits	\$0
10	Revenue Tax	\$0
11	Net Earnings Sharing Revenue Credits	\$0
12	Tax Reform Adjustment (1/1/18-5/31/18)	(\$2,769)
13	Revenue Tax	\$246
14	Net Tax Reform Adjustment	(\$2,523)
15	Effective Target Revenue	\$129,404

Notes:

Totals may not add, due to rounding.

See Transmittal Nos. 18-01, 18-02, and 18-03, Hawaiian Electric Companies  
Response to Consumer Advocate's Statement of Position.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

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.

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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

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RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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:

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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 interim or 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.

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 4A



Superseding Sheet No. 50D  
Effective May 1, 2018

REVISED SHEET No. 50D  
Effective June 1, 2018

Deleted: April 1, 2018

Deleted: May 1, 2018

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"	May 1, 2018	Purchase Power Adjustment
			Clause
95A	"PPAC"	May 1, 2018	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"	<u>June 1, 2018</u>	Rate Adjustment Mechanism
			Provision
96H	"RAM"	June 8, 2015	Rate Adjustment Mechanism
			Provision
96I	"RAM"	June 8, 2015	Rate Adjustment Mechanism
			Provision
97	"RBA"	January 1, 2018	Revenue Balancing Account
			Provision
97A	"RBA"	January 1, 2018	Revenue Balancing Account
			Provision
97B	"RBA"	January 1, 2018	Revenue Balancing Account
			Provision
97C	"RBA"	January 1, 2018	Revenue Balancing Account
			Provision
97D	"RBA"	January 1, 2018	Revenue Balancing Account
			Provision
97E	"RBA"	<u>June 1, 2018</u>	Revenue Balancing Account
			Provision
97F	"RBA"	<u>June 1, 2018</u>	Revenue Balancing Account
			Provision

Deleted: June 8, 2015

Deleted: January 1, 2018

Deleted: April 20, 2018

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter dated May 21, 2018.

Superseding REVISED SHEET NO. 97  
Effective June 1, 2017

REVISED SHEET NO. 97  
Effective January 1, 2018

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, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in 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, LTD.

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

Superseding Sheet No. 97A  
Effective June 1, 2013

REVISED SHEET NO. 97A  
Effective January 1, 2018

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 any Performance Incentive Adjustment provided for in accordance with the Performance Incentive Mechanism Provision; and

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

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

MAUI ELECTRIC COMPANY, LTD.

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

Superseding REVISED SHEET NO. 97B  
Effective June 1, 2017

REVISED SHEET NO. 97B  
Effective January 1, 2018

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

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

Monthly Allocation Factors for the Target Revenue are as follows:

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.

MAUI ELECTRIC COMPANY, LTD.

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

Superseding REVISED SHEET NO. 97C  
Effective June 1, 2013

REVISED SHEET NO. 97C  
Effective January 1, 2018

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

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:

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

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

MAUI ELECTRIC COMPANY, LTD.

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

Superseding Sheet No. 97D  
Effective June 1, 2017

REVISED SHEET NO. 97D  
Effective January 1, 2018

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

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

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

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

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.

MAUI ELECTRIC COMPANY, LTD.

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

~~Preceding Sheet No. 97E~~  
~~Effective January 1, 2018~~

REVISED SHEET NO. 97E  
Effective ~~June 1, 2018~~

~~Deleted: January 1, 2018~~

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

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

RBA Rate Adjustment

All Rate Schedules ..... 1.8354 ¢/kWh

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F. NOTICE

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

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

G: COMMISSION'S AUTHORITY

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

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

~~Deleted: January 11, 2018~~

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 31, 2018.

SHEET NO. 277  
Effective June 1, 2018

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

H: TARGET REVENUES CURRENTLY IN EFFECT

Maui Electric Company, Limited  
Annual Target Revenue (\$000s)

	<u>Description</u>	<u>Amount</u>
1	Electric Sales Revenue	\$410,903
	Less:	
2	Fuel Expense	(\$212,580)
3	Purchase Power Expense	(\$44,856)
4	Revenue Tax on Electric Sales Revenue	(\$36,509)
5	Last Rate Order Target Revenues	\$116,958
6	Authorized RAM Revenues	\$16,429
7	Revenue Tax	(\$1,460)
8	Net RAM Adjustment	\$14,969
9	Earnings Sharing Revenue Credits	\$0
10	Revenue Tax	\$0
11	Net Earnings Sharing Revenue Credits	\$0
12	Tax Reform Adjustment (1/1/18-5/31/18)	(\$2,769)
13	Revenue Tax	\$246
14	Net Tax Reform Adjustment	(\$2,523)
15	Effective Target Revenue	\$129,404

Notes:

Totals may not add, due to rounding.

See Transmittal Nos. 18-01, 18-02, and 18-03, Hawaiian Electric Companies  
Response to Consumer Advocate's Statement of Position.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated MAY 23, 2018.



Superseding Sheet No. 96  
Effective May 4, 2012

REVISED SHEET NO. 96  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 96A  
Effective May 4, 2012

REVISED SHEET NO. 96A  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 96B  
Effective June 1, 2013

REVISED SHEET NO. 96B  
Effective June 8, 2015

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. 96C  
Effective March 30, 2014

REVISED SHEET NO. 96C  
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

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Transmittal Letter Dated June 3, 2015.

Superseding REVISED SHEET NO. 96D  
Effective June 8, 2015

REVISED SHEET NO. 96D  
Effective June 1, 2017

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.

Superseding Sheet No. 96E  
Effective March 30, 2014

REVISED SHEET NO. 96E  
Effective June 8, 2015

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.

Transmittal Letter Dated June 3, 2015.

Superseding Sheet No. 96G

Effective June 8, 2015

REVISED SHEET NO. 96G

Effective June 1, 2015

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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 determination of 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.

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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.

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Transmittal Letter Dated May 21, 2015.



Superseding Sheet No. 96H  
Effective March 30, 2014

REVISED SHEET NO. 96H  
Effective June 8, 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. 50H  
Effective January 1, 2018

REVISED SHEET NO. 50H  
Effective June 1, 2018

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"	<u>June 1, 2015</u>	Rate Adjustment Mechanism Provision
107H	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107I	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
108	"RBA"	January 1, 2018	Revenue Balancing Account Provision
108A	"RBA"	<u>June 1, 2018</u>	Revenue Balancing Account Provision
108B	"RBA"	<u>June 1, 2018</u>	Revenue Balancing Account Provision
108C	"RBA"	<u>June 1, 2018</u>	Revenue Balancing Account Provision
108D	"RBA"	<u>June 1, 2018</u>	Revenue Balancing Account Provision
108E	"RBA"	<u>June 1, 2018</u>	Revenue Balancing Account Provision
108F	"RBA"	<u>June 1, 2018</u>	Revenue Balancing Account Provision

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MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter dated May 31, 2018.

Superseding Sheet No. 108  
Effective June 1, 2017

REVISED SHEET NO. 108  
Effective January 1, 2018

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, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1<sup>st</sup> through May 31st period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in 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, LTD.

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

Superseding REVISED SHEET NO. 108A  
Effective January 1, 2013

REVISED SHEET NO. 108A  
Effective June 1, 2013

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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 any Performance Incentive Adjustment provided for in accordance with the Performance Incentive Mechanism Provision; and

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2013.

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Superseding REVISED SHEET NO. 108B  
Effective January 1, 2017

REVISED SHEET NO. 108B  
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REVENUE BALANCING ACCOUNT ("RBA") PROVISION (continued)  
Maui, Lanai, and Molokai Divisions

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

Monthly Allocation Factors for the Target Revenue are as follows:

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

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

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MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 11, 2018.

Superseding Sheet No. 108C  
Effective January 1, 2018

REVISED SHEET NO. 108C  
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REVENUE BALANCING ACCOUNT ("RBA") PROVISION (Continued)  
Maui, Lanai, and Molokai Divisions

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.

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D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

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

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

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MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 1998.

Superseding Sheet No. 108D  
Effective January 1, 2018

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Effective June 1, 2018

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

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

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

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

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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.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

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REVISED SHEET NO. 108E  
Effective June 1, 2018

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

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

RBA Rate Adjustment

All Rate Schedules ..... 1.8254 ¢/kWh

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F. NOTICE

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

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

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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.

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MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

SHEET NO. 18AF  
Effective JUNE 1, 2018

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

H: TARGET REVENUES CURRENTLY IN EFFECT

Maui Electric Company, Limited  
Annual Target Revenue (\$000s)

	<u>Description</u>	<u>Amount</u>
1	Electric Sales Revenue	\$410,903
	Less:	
2	Fuel Expense	(\$212,580)
3	Purchase Power Expense	(\$44,856)
4	Revenue Tax on Electric Sales Revenue	(\$36,509)
5	Last Rate Order Target Revenues	\$116,958
6	Authorized RAM Revenues	\$16,429
7	Revenue Tax	(\$1,460)
8	Net RAM Adjustment	\$14,969
9	Earnings Sharing Revenue Credits	\$0
10	Revenue Tax	\$0
11	Net Earnings Sharing Revenue Credits	\$0
12	Tax Reform Adjustment (1/1/18-5/31/18)	(\$2,769)
13	Revenue Tax	\$246
14	Net Tax Reform Adjustment	(\$2,523)
15	Effective Target Revenue	\$129,404

Notes:

Totals may not add, due to rounding.

See Transmittal Nos. 18-01, 18-02, and 18-03, Hawaiian Electric Companies  
Response to Consumer Advocate's Statement of Position.

MAUI ELECTRIC COMPANY, LTD.

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Transmittal Letter dated May 21, 2018.

Superseding Sheet No. 107  
Effective May 4, 2012

REVISED SHEET NO. 107  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 107A  
Effective May 4, 2012

REVISED SHEET NO. 107A  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 107B  
Effective March 30, 2014

REVISED SHEET NO. 107B  
Effective June 8, 2015

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. 107C  
Effective March 30, 2014

REVISED SHEET NO. 107C  
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.

Superseding REVISED SHEET No. 107D  
Effective June 8, 2015

REVISED SHEET No. 107D  
Effective June 1, 2017

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.

Transmittal Letter Dated March 31, 2017.

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.

Transmittal Letter Dated June 3, 2015.

Superseding Sheet No. 107G  
Effective June 5, 2015

REVISED SHEET NO. 107G  
Effective June 1, 2015

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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 interim or 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.

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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.

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Transmittal Letter Dated May 21, 2015.

Superseding Sheet No. 107H  
Effective June 1, 2013

REVISED SHEET NO. 107H  
Effective June 8, 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.

SHEET NO. 107I  
Effective June 8, 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 January 1, 2015

REVISED SHEET NO. 100E  
Effective June 1, 2018

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MOLOKAI DIVISION  
RATE SCHEDULES (Continued)

Sheet	Schedule	Date Effective	Character of Service
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"	<u>June 1, 2012</u>	Rate Adjustment Mechanism Provision
151H	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151I	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
152	"RBA"	January 1, 2018	Revenue Balancing Account Provision
152A	"RBA"	January 1, 2018	Revenue Balancing Account Provision
152B	"RBA"	<u>June 1, 2012</u>	Revenue Balancing Account Provision
152C	"RBA"	<u>June 1, 2012</u>	Revenue Balancing Account Provision
152D	"RBA"	<u>June 1, 2012</u>	Revenue Balancing Account Provision
152E	"RBA"	<u>June 1, 2012</u>	Revenue Balancing Account Provision
152F	"RBA"	<u>June 1, 2012</u>	Revenue Balancing Account Provision
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MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated May 24, 2018.

Superseding Sheet No. 100F  
Effective January 1, 2018

REVISED SHEET NO. 100F  
Effective June 1, 2018

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MOLOKAI DIVISION  
RATE SCHEDULES (Continued)

Sheet	Schedule	Date Effective	Character of Service
153	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
153A	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
153B	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
154	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
154A	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
154B	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
155	TOU-RI	November 21, 2016	Residential Interim Time- of-Use Service
155A	TOU-RI	November 21, 2016	Residential Interim Time- of-Use Service
155B	TOU-RI	November 21, 2016	Residential Interim Time- of-Use Service
155C	TOU-RI	November 21, 2016	Residential Interim Time- of-Use Service
156	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
156A	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
156B	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
156C	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
156D	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision

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MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated May 22, 2018.

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Superseding Sheet No. 152  
Effective June 1, 2017

REVISED SHEET NO. 152  
Effective January 1, 2018

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, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in 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, LTD.

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

Superseding Sheet No. 152A  
Effective June 1, 2013

REVISED SHEET NO. 152A  
Effective January 1, 2018

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 any Performance Incentive Adjustment provided for in accordance with the Performance Incentive Mechanism Provision; and

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

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

MAUI ELECTRIC COMPANY, LTD.

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



Superseding Sheet No. 152B  
Effective January 1, 2018,

REVISED SHEET NO. 152B  
Effective June 1, 2018

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

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

Monthly Allocation Factors for the Target Revenue are as follows:

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

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

Deleted: Decision and Order No. 55165; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.

Deleted: January 11, 2018

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

Superseding Sheet No. 152C  
Effective January 1, 2018,

REVISED SHEET NO. 152C  
Effective June 1, 2018

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

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:

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

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

Deleted: Decision and Order No. 35145; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.

Deleted: January 11, 2018

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

Superseding Sheet No. 152D  
Effective January 1, 2018

REVISED SHEET NO. 152D  
Effective June 1, 2018

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

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.

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

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

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.

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

Deleted: January 11, 2018

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

Superseding Sheet No. 152E  
Effective January 1, 2018

SHEET NO. 152E  
Effective June 1, 2018

Deleted: January 1, 2018

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

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

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RBA Rate Adjustment

All Rate Schedules ..... 1.6654 ¢/kWh

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F. NOTICE

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

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

G: COMMISSION'S AUTHORITY

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

Deleted: Decision and Order No. 35155, Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.

Deleted: January 11, 2018

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

SHEET NO. 352F  
Effective June 1, 2018

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

H: TARGET REVENUES CURRENTLY IN EFFECT

Maui Electric Company, Limited  
Annual Target Revenue (\$000s)

	Description	Amount
1	Electric Sales Revenue	\$410,903
	Less:	
2	Fuel Expense	(\$212,580)
3	Purchase Power Expense	(\$44,856)
4	Revenue Tax on Electric Sales Revenue	(\$36,509)
5	Last Rate Order Target Revenues	\$116,958
6	Authorized RAM Revenues	\$16,429
7	Revenue Tax	(\$1,460)
8	Net RAM Adjustment	\$14,969
9	Earnings Sharing Revenue Credits	\$0
10	Revenue Tax	\$0
11	Net Earnings Sharing Revenue Credits	\$0
12	Tax Reform Adjustment (1/1/18-5/31/18)	(\$2,769)
13	Revenue Tax	\$246
14	Net Tax Reform Adjustment	(\$2,523)
15	Effective Target Revenue	\$129,404

Notes:

Totals may not add, due to rounding.

See Transmittal Nos. 18-01, 18-02, and 18-03, Hawaiian Electric Companies  
Response to Consumer Advocate's Statement of Position.

Deleted: Division and Order No.  
35165; Approving, With  
Modifications, Proposed Revisions  
To RBA Tariffs, Filed December 29,  
2017.1

Deleted: January 11, 2018

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

Superseding Sheet No. 151  
Effective May 4, 2012

REVISED SHEET NO. 151  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 151A  
Effective May 4, 2012

REVISED SHEET NO. 151A  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 151B  
Effective March 30, 2014

REVISED SHEET NO. 151B  
Effective June 8, 2015

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.

Superseding REVISED SHEET No. 151D  
Effective June 8, 2015

REVISED SHEET No. 151D  
Effective June 1, 2017

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.

Transmittal Letter Dated March 31, 2017.

Superseding Sheet No. 151E  
Effective March 30, 2014

REVISED SHEET No. 151E  
Effective June 8, 2015

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.
- g.) See also Settlement Agreement section below.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding Sheet No. 151G  
Effective June 8, 2015

REVISED SHEET NO. 151G  
Effective June 1, 2015

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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 interim or 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.

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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.

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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.

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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.

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Transmittal Letter Dated May 21, 2012.

Superseding Sheet No. 151H  
Effective June 1, 2013

REVISED SHEET NO. 151H  
Effective June 8, 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 4A



Superseding Sheet No. 50D  
Effective May 1, 2018

REVISED SHEET No. 50D  
Effective June 1, 2018

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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"	May 1, 2018	Purchase Power Adjustment
95A	"PPAC"	May 1, 2018	Clause
95B	"PPAC"	May 4, 2012	Purchase Power Adjustment
96	"RAM"	June 1, 2013	Clause
96A	"RAM"	June 1, 2013	Purchase Power Adjustment
96B	"RAM"	June 8, 2015	Clause
96C	"RAM"	June 8, 2015	Purchase Power Adjustment
96D	"RAM"	June 1, 2017	Clause
96E	"RAM"	June 8, 2015	Purchase Power Adjustment
96F	"RAM"	June 8, 2015	Clause
96G	"RAM"	<u>June 1, 2018</u>	Purchase Power Adjustment
96H	"RAM"	June 8, 2015	Clause
96I	"RAM"	June 8, 2015	Purchase Power Adjustment
97	"RBA"	January 1, 2018	Clause
97A	"RBA"	January 1, 2018	Purchase Power Adjustment
97B	"RBA"	January 1, 2018	Clause
97C	"RBA"	January 1, 2018	Purchase Power Adjustment
97D	"RBA"	January 1, 2018	Clause
97E	"RBA"	<u>June 1, 2018</u>	Purchase Power Adjustment
97F	"RBA"	<u>June 1, 2018</u>	Clause

Deleted: June 8, 2015

Deleted: January 1, 2018

Deleted: April 20, 2018

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter dated May 21, 2018.

Superseding REVISED SHEET NO. 97  
Effective June 1, 2017

REVISED SHEET NO. 97  
Effective January 1, 2018

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, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in 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, LTD.

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

Superseding Sheet No. 97A  
Effective June 1, 2013

REVISED SHEET NO. 97A  
Effective January 1, 2018

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 any Performance Incentive Adjustment provided for in accordance with the Performance Incentive Mechanism Provision; and

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

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

MAUI ELECTRIC COMPANY, LTD.

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

Superseding REVISED SHEET NO. 97B  
Effective June 1, 2017

REVISED SHEET NO. 97B  
Effective January 1, 2018

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

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

Monthly Allocation Factors for the Target Revenue are as follows:

January	8.29%
February	7.35%
March	8.28%
April	7.99%
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.

MAUI ELECTRIC COMPANY, LTD.

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

Superseding REVISED SHEET NO. 97C  
Effective June 1, 2013

REVISED SHEET NO. 97C  
Effective January 1, 2018

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

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:

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

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

MAUI ELECTRIC COMPANY, LTD.

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

Superseding Sheet No. 97D  
Effective June 1, 2017

REVISED SHEET NO. 97D  
Effective January 1, 2018

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

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

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

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

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.

MAUI ELECTRIC COMPANY, LTD.

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

~~Superseding Sheet No. 97E~~  
~~Effective January 1, 2018~~

REVISED SHEET NO. 97E  
Effective June 1, 2018

~~Deleted: January 1, 2018~~

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

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

RBA Rate Adjustment

All Rate Schedules ..... 1.8954 ¢/kWh

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F. NOTICE

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

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

G: COMMISSION'S AUTHORITY

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

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

~~Deleted: January 11, 2018~~

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

SHEET NO. 277  
Effective June 1, 2018

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

H: TARGET REVENUES CURRENTLY IN EFFECT

Maui Electric Company, Limited  
Annual Target Revenue (\$000s)

	<u>Description</u>	<u>Amount</u>
1	Electric Sales Revenue	\$410,903
	Less:	
2	Fuel Expense	(\$212,580)
3	Purchase Power Expense	(\$44,856)
4	Revenue Tax on Electric Sales Revenue	(\$36,509)
5	Last Rate Order Target Revenues	\$116,958
6	Authorized RAM Revenues	\$16,429
7	Revenue Tax	(\$1,460)
8	Net RAM Adjustment	\$14,969
9	Earnings Sharing Revenue Credits	\$0
10	Revenue Tax	\$0
11	Net Earnings Sharing Revenue Credits	\$0
12	Tax Reform Adjustment (1/1/18-5/31/18)	(\$2,769)
13	Revenue Tax	\$246
14	Net Tax Reform Adjustment	(\$2,523)
15	Effective Target Revenue	\$129,404

Notes:

Totals may not add, due to rounding.

See Transmittal Nos. 18-01, 18-02, and 18-03, Hawaiian Electric Companies  
Response to Consumer Advocate's Statement of Position.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.



Superseding Sheet No. 96  
Effective May 4, 2012

REVISED SHEET NO. 96  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 96A  
Effective May 4, 2012

REVISED SHEET NO. 96A  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 96B  
Effective June 1, 2013

REVISED SHEET NO. 96B  
Effective June 8, 2015

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. 96C  
Effective March 30, 2014

REVISED SHEET NO. 96C  
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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding REVISED SHEET NO. 96D  
Effective June 8, 2015

REVISED SHEET NO. 96D  
Effective June 1, 2017

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.

Transmittal Letter Dated June 3, 2015.

Superseding Sheet No. 96G  
Effective June 8, 2015

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Effective June 1, 2018

Deleted: June 1, 2012

Deleted: June 8, 2015

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 interim or 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.

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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.

Deleted: June 3, 2015

Transmittal Letter Dated May 21, 2018.



Superseding Sheet No. 96H  
Effective March 30, 2014

REVISED SHEET NO. 96H  
Effective June 8, 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.

SHEET NO. 96I  
Effective June 8, 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. 50H  
Effective January 1, 2018

REVISED SHEET NO. 50H  
Effective June 1, 2018

LANAI DIVISION  
RATE SCHEDULES (Continued)

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<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"	<u>June 1, 2018</u>	Rate Adjustment Mechanism Provision
107H	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107I	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
108	"RBA"	January 1, 2018	Revenue Balancing Account Provision
108A	"RBA"	<u>June 1, 2018</u>	Revenue Balancing Account Provision
108B	"RBA"	<u>June 1, 2018</u>	Revenue Balancing Account Provision
108C	"RBA"	<u>June 1, 2018</u>	Revenue Balancing Account Provision
108D	"RBA"	<u>June 1, 2018</u>	Revenue Balancing Account Provision
108E	"RBA"	<u>June 1, 2018</u>	Revenue Balancing Account Provision
108F	"RBA"	<u>June 1, 2018</u>	Revenue Balancing Account Provision

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MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter dated May 31, 2018.

Superseding Sheet No. 108  
Effective June 1, 2017

REVISED SHEET NO. 108  
Effective January 1, 2018

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, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in 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, LTD.

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

Superseding REVISED SHEET NO. 108A  
Effective January 1, 2018

REVISED SHEET NO. 108A  
Effective June 1, 2018

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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 any Performance Incentive Adjustment provided for in accordance with the Performance Incentive Mechanism Provision; and

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

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

Deleted: Decision and Order No. 39165; Approving, With Modifications, Proposed Revisions To RBA Tariffs, Filed December 29, 2017.1

Deleted: January 11, 2018

MAUI ELECTRIC COMPANY, LTD.

| Transmittal Letter dated May 21, 2018.

Superseding REVISED SHEET NO. 108B  
Effective January 1, 2017

REVISED SHEET NO. 108B  
Effective June 1, 2018

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

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

Monthly Allocation Factors for the Target Revenue are as follows:

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.

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

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MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

Superseding Sheet No. 108C  
Effective January 1, 2018

REVISED SHEET NO. 108C  
Effective June 1, 2018

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

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.

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D: RECOVERY OF BALANCING ACCOUNT AMOUNTS:

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

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

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MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 31, 1998.

Superseding Sheet No. 108D  
Effective January 1, 2018,

REVISED SHEET NO. 108D  
Effective June 1, 2018

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

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

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

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

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| 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.

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MAUI ELECTRIC COMPANY, LTD.

| Transmittal Letter dated May 21, 2018.



Superseding Sheet No. 108E  
Effective January 1, 2018

REVISED SHEET NO. 108E  
Effective June 1, 2018

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

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E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

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

RBA Rate Adjustment

All Rate Schedules ..... 1.8954 ¢/kWh

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F. NOTICE

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

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

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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.

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MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

SHEET NO. 108F  
Effective June 1, 2018

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

H: TARGET REVENUES CURRENTLY IN EFFECT

Maui Electric Company, Limited  
Annual Target Revenue (\$000s)

	<u>Description</u>	<u>Amount</u>
1	Electric Sales Revenue	\$410,903
	Less:	
2	Fuel Expense	(\$212,580)
3	Purchase Power Expense	(\$44,856)
4	Revenue Tax on Electric Sales Revenue	(\$36,509)
5	Last Rate Order Target Revenues	\$116,958
6	Authorized RAM Revenues	\$16,429
7	Revenue Tax	(\$1,460)
8	Net RAM Adjustment	\$14,969
9	Earnings Sharing Revenue Credits	\$0
10	Revenue Tax	\$0
11	Net Earnings Sharing Revenue Credits	\$0
12	Tax Reform Adjustment (1/1/18-5/31/18)	(\$2,769)
13	Revenue Tax	\$246
14	Net Tax Reform Adjustment	(\$2,523)
15	Effective Target Revenue	\$129,404

Notes:

Totals may not add, due to rounding.

See Transmittal Nos. 18-01, 18-02, and 18-03, Hawaiian Electric Companies  
Response to Consumer Advocate's Statement of Position.

MAUI ELECTRIC COMPANY, LTD.

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Transmittal Letter dated May 21, 2018.

Superseding Sheet No. 107  
Effective May 4, 2012

REVISED SHEET NO. 107  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 107A  
Effective May 4, 2012

REVISED SHEET NO. 107A  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 107B  
Effective March 30, 2014

REVISED SHEET NO. 107B  
Effective June 8, 2015

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. 107C  
Effective March 30, 2014

REVISED SHEET NO. 107C  
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.

Superseding REVISED SHEET No. 107D  
Effective June 8, 2015

REVISED SHEET No. 107D  
Effective June 1, 2017

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.

Transmittal Letter Dated March 31, 2017.

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.

Transmittal Letter Dated June 3, 2015.

Superseding Sheet No. 107G  
Effective June 8, 2015

REVISED SHEET NO. 107G  
Effective June 1, 2015

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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 determination of 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.

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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.

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Transmittal Letter Dated May 11, 2015.

Superseding Sheet No. 107H  
Effective June 1, 2013

REVISED SHEET NO. 107H  
Effective June 8, 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.

SHEET NO. 107I  
Effective June 8, 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. 2008-0063, 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 JANUARY 1, 2018

REVISED SHEET NO. 100E  
Effective JUNE 1, 2018

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MOLOKAI DIVISION  
RATE SCHEDULES (Continued)

Sheet	Schedule	Date Effective	Character of Service
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"	<u>JUNE 1, 2018</u>	Rate Adjustment Mechanism Provision
151H	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
151I	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
152	"RBA"	January 1, 2018	Revenue Balancing Account Provision
152A	"RBA"	January 1, 2018	Revenue Balancing Account Provision
152B	"RBA"	<u>JUNE 1, 2018</u>	Revenue Balancing Account Provision
152C	"RBA"	<u>JUNE 1, 2018</u>	Revenue Balancing Account Provision
152D	"RBA"	<u>JUNE 1, 2018</u>	Revenue Balancing Account Provision
152E	"RBA"	<u>JUNE 1, 2018</u>	Revenue Balancing Account Provision
152F	"RBA"	<u>JUNE 1, 2018</u>	Revenue Balancing Account Provision
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Deleted: Commercial Public Electric Vehicle Charging Facility Service Pilot

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MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated May 22, 2018.

Superseding Sheet No. 100F  
Effective JANUARY 1, 2018

REVISED SHEET NO. 100F  
Effective JUNE 1, 2018

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MOLOKAI DIVISION  
RATE SCHEDULES (Continued)

Sheet	Schedule	Date Effective	Character of Service
<del>153</del>	<del>EV-F</del>	<del>December 12, 2017</del>	<del>Commercial Public Electric Vehicle Charging Facility Service Pilot</del>
<del>153A</del>	<del>EV-F</del>	<del>December 12, 2017</del>	<del>Commercial Public Electric Vehicle Charging Facility Service Pilot</del>
<del>153B</del>	<del>EV-F</del>	<del>December 12, 2017</del>	<del>Commercial Public Electric Vehicle Charging Facility Service Pilot</del>
154	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
154A	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
154B	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
155	TOU-RI	November 21, 2016	Residential Interim Time- of-Use Service
155A	TOU-RI	November 21, 2016	Residential Interim Time- of-Use Service
155B	TOU-RI	November 21, 2016	Residential Interim Time- of-Use Service
155C	TOU-RI	November 21, 2016	Residential Interim Time- of-Use Service
156	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
156A	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
156B	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
156C	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
156D	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision

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MAUI ELECTRIC COMPANY, LIMITED

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Transmittal Letter Dated May 21, 2018.

Superseding Sheet No. 152  
Effective June 1, 2017

REVISED SHEET NO. 152  
Effective January 1, 2018

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, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1<sup>st</sup> through May 31st period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in 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, LTD.

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

Superseding Sheet No. 152A  
Effective June 1, 2013

REVISED SHEET NO. 152A  
Effective January 1, 2018

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 any Performance Incentive Adjustment provided for in accordance with the Performance Incentive Mechanism Provision; and

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

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

MAUI ELECTRIC COMPANY, LTD.

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



Superseding Sheet No. 152B  
Effective January 1, 2018,

REVISED SHEET NO. 152B  
Effective June 1, 2018

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

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

Monthly Allocation Factors for the Target Revenue are as follows:

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.

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MAUI ELECTRIC COMPANY, LTD.

| Transmittal Letter dated May 21, 2018.

Superseding Sheet No. 152C  
Effective January 1, 2013

REVISED SHEET NO. 152C  
Effective June 1, 2013

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

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:

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

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

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MAUI ELECTRIC COMPANY, LTD.

| Transmittal Letter dated May 21, 2013.

Superseding Sheet No. 152D  
Effective January 1, 2018.

REVISED SHEET NO. 152D  
Effective June 1, 2018

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

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.

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

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

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.

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MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

Superseding Sheet No. 151E  
Effective January 1, 2018

SHEET NO. 152E  
Effective June 1, 2018

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

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.

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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 ..... 2.6954 ¢/kWh

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F. NOTICE

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

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

G: COMMISSION'S AUTHORITY

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

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

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MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

SHEET NO. 152F  
Effective June 1, 2018

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

H: TARGET REVENUES CURRENTLY IN EFFECT

Maui Electric Company, Limited  
Annual Target Revenue (\$000s)

	Description	Amount
1	Electric Sales Revenue	\$410,903
	Less:	
2	Fuel Expense	(\$212,580)
3	Purchase Power Expense	(\$44,856)
4	Revenue Tax on Electric Sales Revenue	(\$36,509)
5	Last Rate Order Target Revenues	\$116,958
6	Authorized RAM Revenues	\$16,429
7	Revenue Tax	(\$1,460)
8	Net RAM Adjustment	\$14,969
9	Earnings Sharing Revenue Credits	\$0
10	Revenue Tax	\$0
11	Net Earnings Sharing Revenue Credits	\$0
12	Tax Reform Adjustment (1/1/18-5/31/18)	(\$2,769)
13	Revenue Tax	\$246
14	Net Tax Reform Adjustment	(\$2,523)
15	Effective Target Revenue	\$129,404

Notes:

Totals may not add, due to rounding.

See Transmittal Nos. 18-01, 18-02, and 18-03, Hawaiian Electric Companies  
Response to Consumer Advocate's Statement of Position.

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35165; Approving, With  
Modifications, Proposed Revisions  
To RBA Tariffs, Filed December 29,  
2017.

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MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter dated May 21, 2018.

Superseding Sheet No. 151  
Effective May 4, 2012

REVISED SHEET NO. 151  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 151A  
Effective May 4, 2012

REVISED SHEET NO. 151A  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION  
Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

Superseding Sheet No. 151B  
Effective March 30, 2014

REVISED SHEET NO. 151B  
Effective June 8, 2015

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.

Superseding REVISED SHEET No. 151D  
Effective June 8, 2015

REVISED SHEET No. 151D  
Effective June 1, 2017

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.

Transmittal Letter Dated March 31, 2017.

Superseding Sheet No. 151E  
Effective March 30, 2014

REVISED SHEET No. 151E  
Effective June 8, 2015

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.
- g.) See also Settlement Agreement section below.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding Sheet No. 151G  
Effective June 6, 2015

REVISED SHEET NO. 151G  
Effective June 1, 2013

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 interim or 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 May 11, 2012.

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Superseding Sheet No. 151H  
Effective June 1, 2013

REVISED SHEET NO. 151H  
Effective June 8, 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.

SHEET NO. 151I  
Effective June 8, 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 5



Transmittal No. 18-03 – List of Schedules and Workpapers

Schedule A (REVISED)	MECO-WP-A-001
Schedule A1	MECO-WP-A1-001
Schedule B (REVISED)	MECO-WP-B-001
Schedule B1 (REVISED)	MECO-WP-B-002
Schedule B2	MECO-WP-B-003
Schedule C	MECO-WP-C-001
Schedule C1	MECO-WP-C-002
Schedule C2	MECO-WP-C-003
Schedule D	MECO-WP-D1-001
Schedule D1	MECO-WP-D1-002
Schedule D2	MECO-WP-D3-001
Schedule D3	MECO-WP-D4-001
Schedule D4	MECO-WP-D4-002
Schedule D5	MECO-WP-D5-001
Schedule E	MECO-WP-F-001
Schedule F	MECO-WP-F1-001
Schedule F1	MECO-WP-F1-002
Schedule F2	MECO-WP-H-001
Schedule G	MECO-WP-H-002
Schedule G1	MECO-WP-H-003
Schedule G2	MECO-WP-H-004
Schedule G3	MECO-WP-H-005
Schedule H	MECO-WP-H-006
Schedule I	MECO-WP-H-007
Schedule J	MECO-WP-K1-001
Schedule K	
Schedule K1	

**MAUI ELECTRIC COMPANY, LIMITED**  
**DECOUPLING CALCULATION WORKBOOK**  
**DETERMINATION OF 2018 REVENUE BALANCING ACCOUNT RATE ADJUSTMENT**

Line No.	Description (a)	Reference (b)	Amount (c)	Rate Amount (d)
<u>RECONCILIATION OF RBA BALANCE:</u>				
1	RBA Prior calendar year-end balance	Schedule B	\$ 5,544,314	
2	Revenue Tax Factor	Schedule C	1.0975	
3	Revenue for RBA Balance			\$ 6,084,885
<u>RATE ADJUSTMENT MECHANISM "RAM" AMOUNT:</u>				
4	Total RAM Revenue Adjustment Allowed (Note 2)	Schedule A1		\$ 16,428,671
5	<u>EARNINGS SHARING REVENUE CREDITS - 2017 ROE:</u>	Schedule H		\$ -
6	<u>PUC-ORDERED MAJOR OR BASELINE CAPITAL PROJECTS CREDITS:</u>	Schedule I		\$ -
7	<u>2017 Tax Reform Act Adjustment (1/1/18-5/31/18)</u>	Note (3)		\$ (2,768,885)
8	TOTAL RBA REVENUE ADJUSTMENT	Sum Col. (d)		\$ 19,744,670
9	GWH SALES VOLUME ESTIMATE JUNE 2018 - MAY 2019	MECO-WP-A-001		1,041.7
10	RBA RATE ADJUSTMENT, RBA Balance - ¢ per kWh	Note (1)		<u>1.8954</u>
11	MONTHLY BILL IMPACT @ 600 KWH - Maui Division			<u>\$ 11.37</u>
	MONTHLY BILL IMPACT @ 500 KWH - Maui Division			<u>\$ 9.48</u>
12	MONTHLY BILL IMPACT @ 400 KWH - Molokai and Lanai Divisions			<u>\$ 7.58</u>

Note (1): 2018 RBA Rate Adjustment Breakdown

	Col. (d)	Rate Adjustment cents per kWh	Percentage Share
RBA Balance	\$ 6,084,885	0.58413024	30.8179%
RAM Amount	\$ 16,428,671	1.57710192	83.2056%
Earnings Sharing Revenue Credits	\$ -	0.00000000	0.0000%
Major or Baseline Capital Projects Credits	\$ -	0.00000000	0.0000%
2017 Tax Reform Act Adjustment	\$ (2,768,885)	-0.26580445	-14.0235%
	\$ 19,744,670	1.89542771	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): 2017 Tax Reform Act adjustments for period 1/1/18 - 5/31/18. Annualized adjustment for 2018 is \$5,907,000 per MECO Tax Reform Act adjustment shown in Exhibit 1 + \$786,000 per CA-IR-17, Attachment 1. (\$6,693,000/365 days = \$18,336.99/day. \$18,336.99/day x 151 days = \$2,768,885)

**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	\$ 6,094,788
2	Rate Base RAM - Return on Investment	Schedule D	\$ 7,419,913
3	Depreciation & Amortization RAM Expense	Schedule E	\$ 4,869,397
4	Total RAM Revenue Adjustment		\$ 18,384,099
5	Less: Adjustment for Change in On-cost Clearing Allocation	Note 3	\$ (1,955,428)
6	Total Adjusted RAM Revenue Adjustment		<b>\$ 16,428,671</b>
<b>RAM REVENUE ADJUSTMENT CAP</b>			
7	RAM Cap for 2018 RAM Revenue Adjustment	Schedule J	\$ 18,194,523
8	Plus: Exceptional and Other Matters	Schedule K	360,780
9	2018 Cap - Total RAM Revenue Adjustment (Note 2)		<b>\$ 18,555,303</b>
10	Total RAM Revenue Adjustment Allowed (Note 1)	Lesser of Line 6 or Line 9	<b>\$ 16,428,671</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 2018 RAM revenue adjustment determined according to existing tariffs and procedures, the adjustment has been updated to reflect the 2017 O&M impact of the change in on-cost clearing allocation. See 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	2016 December	\$ 2,403,742	\$ 10,876,381	\$ 10,451,215	\$ 425,165	\$ (241,157)	\$ 23,899	\$ 1,539,252	\$ 1,603	\$ 2,613,254
	February 2017 Adjustment - Note 1									\$ 7,269
	REVISED 2016 December									\$ 2,620,523
2										
3	2017 January	\$ 2,613,254	\$ 11,090,431	\$ 10,316,851	\$ 773,580	\$ (228,115)	\$ -	\$ 1,763,049	\$ 1,837	\$ 3,160,555
4	February	\$ 3,160,555	\$ 9,832,891	\$ 9,550,747	\$ 282,144	\$ (205,206)	\$ 7,362	\$ 1,958,476	\$ 2,040	\$ 3,245,895
5	March	\$ 3,245,895	\$ 11,077,053	\$ 10,777,025	\$ 300,028	\$ (234,078)	\$ -	\$ 2,003,052	\$ 2,087	\$ 3,313,932
6	April	\$ 3,313,932	\$ 10,541,929	\$ 10,754,300	\$ (212,371)	\$ (232,310)	\$ -	\$ 1,888,653	\$ 1,957	\$ 2,871,218
7	May	\$ 2,871,218	\$ 11,210,833	\$ 10,681,883	\$ 528,950	\$ (232,069)	\$ 3,125	\$ 1,846,518	\$ 1,924	\$ 3,173,147
8	June	\$ 3,173,147	\$ 11,503,525	\$ 10,563,016	\$ 540,509	\$ (224,998)	\$ -	\$ 2,034,848	\$ 2,120	\$ 3,490,777
9	July	\$ 3,490,777	\$ 11,990,161	\$ 11,525,723	\$ 464,438	\$ (241,587)	\$ -	\$ 2,200,586	\$ 2,292	\$ 3,715,921
10	August	\$ 3,715,921	\$ 12,165,890	\$ 11,724,830	\$ 441,060	\$ (244,147)	\$ -	\$ 2,330,203	\$ 2,427	\$ 3,915,261
11	September	\$ 3,915,261	\$ 11,273,725	\$ 11,000,308	\$ 273,417	\$ (231,625)	\$ -	\$ 2,404,598	\$ 2,505	\$ 3,959,568
12	October	\$ 3,959,568	\$ 11,868,502	\$ 11,372,485	\$ 496,017	\$ (239,447)	\$ -	\$ 2,497,263	\$ 2,601	\$ 4,218,729
13	November	\$ 4,218,729	\$ 11,070,960	\$ 10,216,705	\$ 854,255	\$ (214,758)	\$ -	\$ 2,772,556	\$ 2,888	\$ 4,861,114
14	December	\$ 4,861,114	\$ 10,989,854	\$ 10,098,926	\$ 890,928	\$ (211,037)	\$ -	\$ 3,177,327	\$ 3,310	\$ 5,544,314
15		\$ 134,615,754	\$ 128,982,801	\$ 5,632,953	\$ (2,740,377)	\$ 10,487		\$ 27,997		To Sch A
16										
17										
18	2018 January	\$ -	\$ 11,206,137	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	February	\$ -	\$ 9,935,477	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	March	\$ -	\$ 11,192,619	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	April	\$ -	\$ 10,651,913	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	May	\$ -	\$ 11,327,795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	June	\$ -	\$ 11,012,313	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	July	\$ -	\$ 11,478,169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	August	\$ -	\$ 11,648,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	September	\$ -	\$ 10,792,325	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	October	\$ -	\$ 11,361,705	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	November	\$ -	\$ 10,598,219	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29	December	\$ -	\$ 10,520,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ 131,723,642								
Sources of Data		Sch B1	Sch B2	Col (c) - (d)	Note (2)	Note (1)	Cols (b)+(g)+(e)+(f)/2/(i)			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
2017	February	MECO-WP-B-002	\$ 7,269	\$ -	\$ 7,269	Prior period adjustments
2017	February	MECO-WP-B-002	\$ 93	\$ -	\$ 93	Prior period adjustments
2017	May	MECO-WP-B-003	\$ 3,125	\$ -	\$ 3,125	Prior period adjustments

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

**Note (2)**

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

SCHEDULE B1  
(REVISED 5-21-18)  
PAGE 1 OF 1

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

Line No.	Description (a)	Reference (b)	D&O No. 31268 Docket No. 2011-0092 Amounts (c)	D&O No. 31288 Docket No. 2011-0092 Amounts (d)	D&O No. 31288 Docket No. 2011-0092 Amounts (e)	D&O No. 31288 Docket No. 2011-0092 Amounts (f)	Tariff Transmittal Exhibit 1 3/29/2018 Amounts (g)	Tariff Transmittal Exhibit 1 3/29/2018 Amounts (h)
1	Last Rate Case Annual Electric Revenue at Approved Rate Levels	Note (1)	\$000s	\$ 416,810	\$ 416,810	\$ 416,810	\$ 416,810	\$ 410,903
2	Less Fuel Expense	Note (1)	\$000s	\$ (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)
4	Revenue Taxes on Line 1 (8.885% statutory rates)		\$000s	\$ (37,034)	\$ (37,034)	\$ (37,034)	\$ (37,034)	\$ (36,509)
5	Last Rate Order Target Annual Revenues	Sum Lines 1 thru 4	\$000s	\$ 122,340	\$ 122,340	\$ 122,340	\$ 122,340	\$ 116,958
6	(Not Used)							
7	Authorized RAM Revenues - Transmittal No. 16-03	Tariff Transmittal	\$000s	\$ 12,556	\$ 12,556	\$ -	\$ -	\$ -
8	Less Revenue Taxes on Line 7 at 8.885%		\$000s	\$ (1,116)	\$ (1,116)	\$ -	\$ -	\$ -
9	Net RAM Adjustment - Test Year +4	Lines 7 + 8	\$000s	\$ 11,440	\$ 11,440	\$ -	\$ -	\$ -
10	Authorized RAM Revenues - Transmittal No. 17-04	Sch. A, line 4	\$000s	\$ -	\$ -	\$ 14,128	\$ 14,128	\$ -
11	Less Revenue Taxes on Line 10 at 8.885%		\$000s	\$ -	\$ -	\$ (1,255)	\$ (1,255)	\$ -
12	Net RAM Adjustment - Test Year +5	Lines 11 + 12	\$000s	\$ -	\$ -	\$ 12,872	\$ 12,872	\$ -
13	Authorized RAM Revenues - Transmittal No. 18-03	Sch. A, line 4	\$000s	\$ -	\$ -	\$ -	\$ -	\$ 16,429
14	Less Revenue Taxes on Line 13 at 8.885%		\$000s	\$ -	\$ -	\$ -	\$ -	\$ (1,460)
15	Net RAM Adjustment - Test Year +5	Lines 14 + 15	\$000s	\$ -	\$ -	\$ -	\$ -	\$ 14,969
16	Less EARNINGS SHARING REVENUE CREDITS	Sch. H or Sch. A, Ln 5	\$000s	\$ -	\$ -	\$ (40)	\$ (40)	\$ -
17	Less Revenue Taxes on Line 16 at 8.885%		\$000s	\$ -	\$ -	\$ 4	\$ 4	\$ -
18	Net Earnings Sharing Revenue Credits	Lines 16 + 17	\$000s	\$ -	\$ -	\$ (36)	\$ (36)	\$ -
19	Less 2017 Tax Reform Act Adjustment (1/1/16-5/31/18)	Sch. A, line 7	\$000s	\$ -	\$ -	\$ -	\$ -	\$ (2,769)
20	Less Revenue Taxes on Line 19 at 8.885%		\$000s	\$ -	\$ -	\$ -	\$ -	\$ 246
21	Net 2017 Tax Reform Act Adjustment	Lines 19 + 20	\$000s	\$ -	\$ -	\$ -	\$ -	\$ (2,523)
22	PUC-ORDERED MAJOR OR BASELINE CAPITAL CREDITS	Sch. I or Sch. A, Ln 6	\$000s	\$ -	\$ -	\$ -	\$ -	\$ -
23	Total Annual Target Revenues							
24	June 1, 2015 Annualized Revenues + 2015 RAM Revenues	Lines 5 + 9 + 18	\$000s	\$ 133,781	\$ 133,781			
25	June 1, 2016 Annualized Revenues + 2016 RAM Revenues	Lines 5 + 12 + 18	\$000s			\$ 135,177	\$ 135,177	
26	June 1, 2017 Annualized Revenues + 2017 RAM Revenues	Lines 5 + 15 + 18	\$000s				\$ 129,404	\$ 129,404
27	Distribution of Target Revenues by Month in Dollars	Note (2)	Note (3)	2016	2017	2017	2018	2018
28	January	8.29%	8.46%		\$11,090,431		\$11,206,137	\$10,727,623
29	February	7.35%	7.50%		\$9,832,891		\$9,935,477	\$9,511,222
30	March	8.28%	8.45%		\$11,077,053		\$11,192,619	\$10,714,683
31	April	7.88%	8.04%		\$10,541,929		\$10,651,913	\$10,197,065
32	May	8.38%	8.55%		\$11,210,833		\$11,327,795	\$10,844,087
33	June- effective date of RAM Change is June 8, 2015	8.51%	8.66%	\$11,384,749		\$11,503,525		\$11,012,313
34	July	8.87%	9.05%	\$11,856,360		\$11,990,161		\$11,478,169
35	August	9.00%	9.17%	\$12,040,275		\$12,165,890		\$11,646,394
36	September	8.34%	8.51%	\$11,157,321		\$11,273,726		\$10,792,325
37	October	8.78%	8.96%	\$11,745,957		\$11,868,502		\$11,351,705
38	November	8.19%	8.36%	\$10,958,650		\$11,076,960		\$10,598,219
39	December	8.13%	8.29%	\$10,876,381		\$10,989,854		\$10,520,578
40	Total Distributed Target Revenues	100.00%	100.00%	\$80,027,653	\$53,753,137	\$80,862,617	\$54,313,941	\$77,409,701

**Footnotes:**

- Docket No. 2011-0092 Final amounts derived from MECO Revised Results of Operations, Exhibit 1A, Page 1, filed June 17, 2013. Columns g and h reflect final revenues including a \$5.9 million reduction for the 2017 Tax Reform Act. Please see Exhibit 1.
  - 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% |

MANULIFE PETROLEUM COMPANY, LIMITED  
RECORDING REVENUE INFORMATION  
DETERMINATION OF RECORDED ADJUSTED REVENUES

Line No	Description	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017	July 2017	August 2017	September 2017	October 2017	November 2017	December 2017	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	sum (b) - (m)
<b>BILLED REVENUES:</b>														
1	Current month's billed revenues (SAP11.4)	25,414,850	24,353,199	24,757,713	20,733,595	20,399,032	27,667,920	29,641,103	26,919,293	25,715,257	27,895,634	26,592,332	322,308,753	
2	Remove PBP revenues	(310,185)	(205,910)	(208,729)	(288,576)	(297,647)	(312,105)	(242,169)	(249,055)	(244,754)	(241,002)	(236,271)	(1,270,895)	
3	Remove Solar Sales non-revenues	-	-	-	-	-	-	-	-	-	-	-	39,481	
4	Other entries - Note 1	-	-	-	-	-	-	-	-	-	-	-	(6,773)	
5 =													(4,041)	
sum 1-4		25,104,665	24,067,242	24,569,302	20,455,168	20,101,385	27,355,815	29,398,934	26,670,238	25,470,503	27,654,632	26,356,061	319,070,617	
<b>UNBILLED REVENUES:</b>														
6	Current month's unbilled revenue (Unbilled Sales and Revenue Exit)	12,716,206	11,265,905	13,354,765	14,377,945	13,855,568	14,793,753	15,557,162	15,132,633	13,523,685	15,700,083	15,475,314	129,944,944	
7	Reverse prior month's unbilled revenues (Unbilled Sales and Revenue Exit)	(12,314,187)	(12,716,560)	(11,205,959)	(13,354,765)	(14,377,945)	(13,855,568)	(14,793,753)	(15,557,162)	(15,132,633)	(13,523,685)	(15,475,314)	(1,668,484,371)	
8 = 6-7	Unbilled revenues per Unbilled Sales and Revenue Estimate	402,019	(1,450,655)	2,088,806	1,023,180	(522,377)	938,185	763,409	(424,529)	(1,609,948)	1,176,398	(2,997,744)	1,630,757	
9	Recovery of 12-31-15 RBA balance through RBA Rate Adjustment beginning 6-1-16	(950,359)	(235,314)	(256,604)	(254,654)	(254,659)	(254,659)	(254,659)	(254,659)	(254,659)	(254,659)	(254,659)	(2,546,659)	
10	ESM Refund Actual	-	-	-	-	-	-	-	-	-	-	-	-	
11	Reverse ESM Refund Previously Accrued	-	-	-	-	-	-	-	-	-	-	-	-	
12	Accrual of ECAC adjustment	(14,300)	485,200	(735,300)	(1,318,800)	151,800	(679,000)	(460,200)	(555,000)	(3,571)	3,484	3,250	3,226	
13	Reverse of ECAC adjustment	367,202	391,800	391,800	84,467	84,467	84,467	84,467	84,467	84,467	84,467	84,467	371,400	
14	Accrual of PPAC adjustment	(5)	24	(41,299)	(21,700)	457	(41,987)	(19,423)	910	833	(148)	(648)	(709)	
15	Reverse of PPAC adjustment	(35)	(300)	(25)	(20)	(15)	(10)	(5)	(2)	(1)	(2)	(1)	(139)	
16	Reverse Big Wind surcharge carrying costs	77	782	-	-	3,125	-	-	-	-	-	-	39	
17	Reverse excess DSM revenues	-	-	-	-	-	-	-	-	-	-	-	-	
18	Adjust prior period RBA balance	75,435	27,513	29,257	(20,709)	51,540	57,707	45,269	43,010	26,662	48,359	81,302	540,293	
19	RBA gross up for revenue taxes	773,580	782,144	300,028	121,271	528,950	540,569	364,238	441,060	273,417	495,017	354,255	850,918	
20	Accrual of current month's RBA (PUC Monthly Financial Report pg. 9A) - Note 1	951,594	979,530	(312,407)	(1,437,625)	579,075	(311,005)	(139,210)	320,887	574,345	(16,195)	957,395	1,093,841	
21 = 9-22	All revenues unbilled accruals	1,353,672	(470,331)	1,776,453	(414,445)	53,699	630,186	824,210	(103,602)	(63,463)	1,760,207	732,612	4,810,969	
24 = 8-23	UNBILLED REVENUES	26,458,338	23,596,411	26,245,755	26,040,723	26,173,380	28,165,999	29,963,772	28,683,168	26,047,593	28,174,074	28,385,587	323,851,585	
25 = 5-24	TOTAL REVENUES PER GIL PUC Monthly Financial Report pg. 31 - Note 1	51,563,003	47,663,653	50,815,057	46,495,891	46,274,765	55,521,814	59,362,706	55,363,336	51,518,146	55,848,706	54,961,649	642,922,202	
26	Build Adjustments to Determine Adjusted Revenues for RBA	-	-	-	-	-	-	-	-	-	-	-	-	
27	Remove interim refund increase	32	32	32	32	32	32	32	32	32	32	32	32	
28	Reverse ECAC revenues	(8,974)	(8,441)	(8,420)	(8,797)	(8,784)	(9,277)	(9,451)	(9,531)	(9,601)	(9,670)	(9,740)	(97,260)	
29	Reverse REIP revenues	(731)	(734)	(738)	(740)	(743)	(746)	(749)	(752)	(755)	(758)	(761)	(7,643)	
30	Reverse DSM/PPAC revenues	(21,156)	(19,900)	(19,072)	(20,364)	(20,364)	(21,281)	(19,245)	(19,953)	(18,693)	(18,438)	(18,183)	(180,771)	
31	Reverse revenue taxes of PBP revenues	-	-	-	-	-	-	-	-	-	-	-	-	
32	Reverse Solar Sales revenues	(2,900,002)	(2,746,316)	(2,769,387)	(2,883,081)	(2,876,040)	(3,018,452)	(3,089,284)	(3,158,388)	(3,118,075)	(3,072,466)	(3,001,643)	(35,483,841)	
33	Reverse revenue taxes on billed revenues	(15,990,333)	(14,500,707)	(15,070,816)	(15,664,622)	(16,374,431)	(16,814,359)	(17,250,879)	(17,640,550)	(17,044,997)	(16,810,550)	(16,491,396)	(193,747,498)	
34	Reverse basic fuel (adjusted for revenue taxes)	(3,227,924)	(3,002,445)	(3,036,688)	(3,151,453)	(3,144,055)	(3,301,187)	(3,388,677)	(3,473,351)	(3,434,207)	(3,389,561)	(3,373,611)	(40,023,202)	
35	Remove power purchase energy (adjusted for revenue taxes)	-	-	-	-	-	-	-	-	-	-	-	-	
36	Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	
37	Other adjustments - EVU revenue net of revenue taxes	-	-	-	-	-	-	-	-	-	-	-	-	
38	Other adjustments - SMP revenue net of revenue taxes	-	-	-	-	-	-	-	-	-	-	-	-	
39 = 11-12	Unbilled Adjustments to Determine Adjusted Revenues for RBA	-	-	-	-	-	-	-	-	-	-	-	-	
40	Reverse ESM Refund Actual	(672,732)	(1,127,501)	93,135	(575,175)	1,122,803	(1,362,778)	389,644	1,272,443	(3,309)	(3,484)	(3,250)	(15,941)	
41 = 13-14	Reverse ECAC revenues	(352,002)	(888,900)	343,500	927,000	(236,267)	594,533	381,734	(79,333)	381,256	(245,200)	(239,200)	(1,067,314)	
42	Reverse REIP revenues	-	-	-	-	-	-	-	-	-	-	-	-	
43 = 15-16	Reverse DSM/PPAC revenues	5	5	5	5	5	5	5	5	5	5	5	5	
44	Reverse REIP revenues	97	434	(552)	(1,146)	(1,145)	118	(344)	3,430	-	-	-	4,621	
45	Reverse Big Wind surcharge carrying costs	35	35	35	35	35	35	35	35	35	35	35	35	
46	Reverse DSM revenues	11	23	(49)	(52)	(18)	17	(33)	(27)	18	(31)	57	139	
47	Reverse excess DSM revenues	(77)	(113)	(35)	660	657	(1,595)	104	114	72	928	(633)	242	
48	Reverse prior month RBA adjustment	-	-	-	-	-	-	-	-	-	-	-	-	
49	Reverse RBA accruals	(773,580)	(282,144)	(300,028)	212,371	(528,550)	(540,569)	(464,238)	(441,060)	(372,417)	(695,017)	(854,255)	(6,032,928)	
50	Reverse RBA gross up for revenue taxes	(175,435)	(27,513)	(29,257)	(20,709)	51,540	57,707	45,269	43,010	26,662	48,359	81,302	(5,632,955)	
51	Reverse revenue taxes on unbilled revenues	40,782	160,760	(170,931)	(17,138)	59,399	(59,399)	(78,775)	(82,266)	(82,266)	(82,266)	(82,266)	(82,266)	
52	Reverse basic fuel (adjusted for revenue taxes)	168,532	808,328	(1,058,668)	(1,193,624)	(1,265,638)	238,654	(672,849)	(366,188)	302,777	(567,274)	812,960	(507,688)	
53	Remove power purchase energy (adjusted for revenue taxes)	48,605	147,568	(209,547)	(30,024)	(67,781)	53,649	(132,695)	(60,453)	63,660	(112,458)	168,024	(100,243)	
54 = 25-54	Total billed and unbilled adjustments to determine adjusted revenues for RBA	(16,141,466)	(14,045,665)	(15,468,700)	(15,266,723)	(16,491,497)	(17,222,993)	(18,457,439)	(16,938,778)	(15,047,385)	(16,901,591)	(18,168,881)	(194,898,287)	
55 =	RECORDED ADJUSTED REVENUES FOR RBA DETERMINATION	35,421,572	33,617,986	35,346,357	31,229,168	29,783,268	38,298,821	40,905,267	38,424,558	36,470,761	38,947,115	36,812,768	448,023,919	
25 = 55	PUC Monthly Financial Report pg. 9A.1	35,421,572	33,617,986	35,346,357	31,229,168	29,783,268	38,298,821	40,905,267	38,424,558	36,470,761	38,947,115	36,812,768	448,023,919	

NOTE: Totals may not add exactly due to rounding

Note 1: The reversal of the September 2017 Manual CWP accrual (\$5,913) was chronologically excluded from the October 2017 RBA calculation and corrected in November 2017. Therefore, in both October and November the RBA accrual reflected (Line 21) and the reconciliation of Total Revenues Per Col. (Line 25) presented in this schedule are overstated by \$5,913. On a year-to-date basis the RBA accrual for 2017 is correct.

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

Line No	Description (a)	Reference (b)	D&O No 31288 Docket No. 2011-0092 Approved (c)	Footnote 4 Previously Approved RAM (d)	O&M Subject to Escalation Col (c) + (d) (e)	Net Inflation Indices Footnote 2 (f)	2018 O&M RAM Adjustment Col (e) * (f) (g)
1	Base BU Labor Expenses	Schedule C1	\$ 14,330		\$ 14,330	13.41%	\$ 1,922
2	Base Non-Labor Expense	Schedule C2	\$ 33,338		\$ 33,338	10.42%	\$ 3,475
3	Payroll Taxes	Footnote 1	\$ 1,167		\$ 1,167	13.41%	\$ 157
4	Subtotal Expense Increase - RAM Adjustment before revenue taxes						\$ 5,553
5	Revenue Tax Factor (Footnote 3)						1.0975
6	O&M RAM (Subtotal Expenses x Rev Tax Factor)						<u>\$ 6,095</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  
Less: Portion of payroll taxes related to non-BU labor<sup>A</sup> (36.86% \* 1.849)  
Payroll Taxes related to Bargaining Unit labor

\$ 1,849  
\$ (682)  
\$ 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	2018	
Bargaining Unit Wage Increase	2.88%	3.00%	2.91%	3.07%	2.75%	2.67%	(See MECO-WP-C-001)
Less: Labor Productivity Offset	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	Approved in Final D&O in Docket No 2009-0274, page 51, filed on August 31, 2010
Labor Cost Escalation Rate	<u>2.12%</u>	<u>2.24%</u>	<u>2.15%</u>	<u>2.31%</u>	<u>1.99%</u>	<u>1.91%</u>	
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)				
2018 Labor Cost Escalation		1.0191	F (2018 labor escalation plus 1)				
2013-2018 Compounded Labor Cost Escalation		1.13	G = A * B * C * D * E * F				
2013-2018 Compounded Labor Cost %		0.1341	H = G - 1				

Non-Labor:	2013	2014	2015	2016	2017	2018	
GDP Price Index	1.70%	1.60%	1.10%	1.50%	2.0%	2.1%	(See MECO-WP-C-002)
2013 Non-Labor Cost Escalation		1.0170	I (2013 non-labor escalation plus 1)				
2014 Non-Labor Cost Escalation		1.0160	J (2014 non-labor escalation plus 1)				
2015 Non-Labor Cost Escalation		1.0110	K (2015 non-labor escalation plus 1)				
2016 Non-Labor Cost Escalation		1.0150	L (2016 non-labor escalation plus 1)				
2017 Non-Labor Cost Escalation		1.0200	M (2017 non-labor escalation plus 1)				
2018 Non-Labor Cost Escalation		1.0210	N (2018 non-labor escalation plus 1)				
2013-2018 Compounded Non-Labor Cost Escalation		1.10	O = I * J * K * L * M * N				
2018 Compounded Non-Labor Cost %		0.1042	P = O - 1				

**(3) Computation of Revenue Tax Factor**

Public Service Tax Rate	0.05885
PUC Fees Rate	0.00500
Franchise Tax Rate	0.02500
Total Revenue Tax Rate	<u>0.08885</u>
Revenue Tax Factor	
= 1 / (1 - Total Revenue Tax Rate)	1.0975

(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	<i>Exhibit 3, Attachment 2, Page 2, Column B, Line 3, MECO T-12, Response to Final D&amp;O, of MECO Revised Results of Operations, Tariff Sheets and Refund Plan, filed on June 17, 2013, in Docket No. 2011-0092.</i>
2			
3			
4			
5	OPEB Expense	544	<i>Exhibit 3, Attachment 2, Page 2, Column B, Line 8, MECO T-12, Response to Final D&amp;O, of MECO Revised Results of Operations, Tariff Sheets and Refund Plan, filed on June 17, 2013, in Docket No. 2011-0092.</i>
6			
7			
8			
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	AMOUNTS (\$ 000)	PERCENT OF TOTAL	COST RATE	POST TAX WEIGHTED EARNINGS REQMTS	INCOME TAX FACTOR Note (1)	PRETAX WEIGHTED EARNINGS REQMTS
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	<u>PUC APPROVED CAPITAL STRUCTURE &amp; COSTS (Note (2))</u>						
2	Short-Term Debt	\$ 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%	1.3468354	0.13%
6	Common Equity	231,310	56.86%	9.00%	5.12%	1.3468354	6.89%
7	Total Capitalization	<u>\$ 406,800</u>	<u>100.00%</u>		<u>7.34%</u>		<u>9.15%</u>
8	RAM CHANGE IN RATE BASE \$000 (From Schedule D1)						\$ 73,886.9
9	PRETAX RATE OF RETURN (Line 7, Col g)						<u>9.15%</u>
10	PRETAX RETURN REQUIREMENT						\$ 6,760.7
11	REVENUE TAX FACTOR (1/(1-8.885%))						<u>1.0975</u>
12	RATE BASE RAM - RETURN ON INVESTMENT \$000						<u>\$ 7,419.9</u>

To Schedule A1

\* Amounts may not add due to rounding.

Notes:

- (1) Composite Federal & State Income Tax Rate 25.75% MECO-WP-F-001  
Income Tax Factor ( 1 / 1-tax rate) 1.3468354
- (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	MECO 2012 Test Year Rate Base		MECO 2018 RAM Rate Base		
		Beg Balance 12/31/2011 (b)	Budgeted Balance 12/31/2012 (c)	Adjusted Recorded at 12/31/2017 (d)	RAM Projected Amounts (e)	Estimated at 12/31/2018 (f)
				Note (1)	See Detail Below	
1	Net Cost of Plant in Service	\$ 465,783	\$ 493,298	\$ 627,701	\$ 20,549	\$ 648,250
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)			1,729	(233)	1,496
11	not used			Not Updated		
12	Total Additions	\$ 515,593	\$ 549,732	\$ 682,552	\$ 20,315	\$ 702,867
13	Unamortized CIAC	\$ (74,766)	\$ (83,821)	\$ (102,684)	\$ (3,735)	\$ (106,419)
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)	(56,481)	(437)	(56,918)
17	ADIT Excess Reg Liability (Note 4)	-	-	(53,334)	453	(52,880)
18	Unamortized State ITC (Gross)	(12,150)	(12,752)	Not Updated		
19	Unearned Interest Income	-	-			
20	Unamortized Gain on Sale	-	-	Not Updated		
21	Total Deductions	\$ (138,054)	\$ (161,650)	\$ (234,152)	\$ (3,719)	\$ (237,871)
22	Working Cash (Note 3)	10,590	10,590	10,590	Not Updated	10,590
23	Rate Base at Proposed Rates	\$ 388,129	\$ 398,672	\$ 458,990		\$ 475,587
24	Average Rate Base		\$ 393,401			\$ 467,288
25	Change in Rate Base					\$ 73,887
						To Schedule D
26	Column (e) Projected Changes to Rate Base	Reference		Amount		
27	Plant - Baseline Capital Project Additions	Schedule D2 Line 29		43,009		
28	Major CIP Project Additions	Schedule D3		4,382		
29	Accumulated Depreciation/Amortization Change	Schedule E Line 189		(26,842)		
30	Net Plant	Sum Lines 26-28		20,549		
31	Accum Def Income Taxes - Baseline and Major Capital Projects	Schedule F Line 17		(437)		
32	Excess ADIT Reg Liability Amortization	Schedule D5		453		
33	Projected CIAC Additions - Baseline	Schedule G Line 4		(6,016)		
34	Projected CIAC Additions - Major CIP	Schedule G2		-		
35	Less Amortization of CIAC	Schedule G Line 9		2,281		
36	Total Change in CIAC in Rate Base	Sum Lines 31-33		(3,735)		

\* 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	Schedule D5 ADIT
(A) Unadjusted Balance - recorded	\$ 1,154,464	\$ (499,355)	\$ (102,684)	\$ (56,481)	\$ (53,334)
(A) Add Asset Retirement Obligation	\$ 1,325	\$ (1,581)			
(A) Reg Liab-Cost of Removal (net salvage)		\$ (29,793)			
Adjustment					
Lanai CHP** MECO-WP-D1-002, p 2	3,500	(858)	-	-	-
Total Adjustment	\$ 3,500	\$ (858)	\$ -	\$ -	\$ -
Adjusted Balance	\$ 1,159,289	\$ (531,588)	\$ (102,684)	\$ (56,481)	\$ (53,334)

\*\* Lanai CHP: As discussed in the Stipulated Settlement Letter in Docket No. 2009-0163, filed on 08/21/2010, 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 2017, filed March 1, 2018.

(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).

(4) As a result of the 2017 Tax Reform Act, regulatory liability accounts were created as of December 31, 2017 to isolate the 2017 excess accumulated deferred taxes resulting from the lower federal tax rate. The bifurcated regulatory liabilities are included as a reduction to rate base. See further discussion at Schedule F.

**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)	3/28/2014	3/27/2015	3/29/2016	3/30/2017	3/27/2018
		2013 (b)	2014 (c)	2015 (d)	2016 (e)	2017 (f)
1	Total Plant Additions (Sum of Exhs. 1, 2, and 3 of Reports)	57,973,110	49,632,312	33,268,857	38,070,465	46,737,346
2						
3	Less Major Projects: (+\$2.5 Million)					
4						
5	<u>2010 In-Service:</u>					
6	6th Increment Distribution Rebuild				(4,435)	
7						
8	<u>2013 In-service:</u>					
9	Major Overhaul of M16 - NOTE (1)	(2,865,973)	80,406			
10						
11	<u>2017 In-service:</u>					
12	Kuihelani Substation					(7,847,533)
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27	Total Net Plant Additions (excluding major projects)	55,107,138	49,712,718	33,264,422	38,070,465	38,889,813
28						
29	Last Five-Year Average				\$ 43,008,911	

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>2018 Major Capital Project Plant Additions by Project:</u>			
2	Kuihelani Substation (X00004)	Decision and Order No. 33584, Docket No. 2015-0070		
	- M0000107: Kuihelani Substation		November-17	\$ 140,065
	- M0001304: Kuihelani T&D		April-18	\$ 1,900,481
	- M0001305: Kuihelani Communication		April-18	\$ 1,445,416
	- M0001977: Kuihelani Substation Land		September-18	\$ 895,563
11				
12				
13	<b>Total Major Capital Projects Qualifying for 2018 RAM</b>	See MECO-WP-D3-001		<b>\$ 4,381,524</b>
				<i>To Sch D1</i>

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, 2017				
2	Depreciation Related Account 282	MECO-WP-D4-001	(43,364,047)	(7,957,515)	(51,321,562)
3	Other Deferred Income Taxes	MECO-WP-D4-001	(4,600,537)	(558,896)	(5,159,433)
4	Total Recorded Deferred Income Taxes - Utility		(47,964,584)	(8,516,412)	(56,480,996)
					<i>To Schedule D1</i>

MAUI ELECTRIC COMPANY, LTD.  
DECOUPLING CALCULATION WORKBOOK  
DETERMINATION OF ADJUSTED RECORDED EXCESS ADIT REGULATORY LIABILITY

Line No.	NARUC Account (a)	Reference (b)	DR/(CR)	DR/(CR)	DR/(CR)	Life (f)	Amortization (g)	Est Bal
			ADIT	Reg Liab	Adjusted/Recorded at 12/31/17			at 12/31/18
			(c)	(d)	(e) = (c) + (d)			(h) = (e) + (g)
1	Recorded Excess ADIT Regulatory Liability Balances December 31, 2017 Recorded Balances							
2	Plant 282 - protected		(35,136,024)	(12,186,403)	(47,322,427)	0		(47,322,427)
3	Plant 283 - unprotected		(4,169,540)	(1,446,142)	(5,615,682)	15	374,379	(5,241,303)
4	Nonplant 283 - unprotected		(293,600)	(101,831)	(395,431)	5	79,086	(316,345)
5	Total Excess ADIT Regulatory Liability		<u>(39,599,164)</u>	<u>(13,734,376)</u>	<u>(53,333,540)</u>		<u>453,465</u>	<u>(52,880,075)</u>
					to Sch D1		to Sch D1 & E	to Sch D1

SOURCE: MECO-WP-D5-001

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

Line No	NARUC Account	Recorded Depreciable/Amort Balance	Adjustments	Adjusted Depreciable/Amort Balance	PUC Approved Accrual Rate	Annual Accrual
	(a)	(b)	(c)	(d)	(e)	(f)
		Footnote (1)	Footnote (2)			
1	<b>Plant Accounts</b>					
2	310 00	-		-	0 0000	-
3	311 00	6,893,367		6,893,367	0 0289	199,218
4	312 00	55,516,371	(1,325,000)	54,191,371	0 0375	2,032,176
5	314 00	51,178,752		51,178,752	0 0589	3,014,428
6	315 00	9,540,087		9,540,087	0 0418	399,729
7	<b>MAUI STEAM PRODUCTION</b>	123,128,557	(1,325,000)	121,803,557	0 0459	5,645,551
8						
9	340 00	-		-	0 0000	-
10	341 00	35,314,910		35,314,910	0 0117	413,185
11	342 00	4,531,267		4,531,267	0 0097	43,553
12	343 00	47,173,589		47,173,589	0 0080	377,389
13	344 00	109,008,910		109,008,910	0 0164	1,787,746
14	345 00	30,039,871		30,039,871	0 0157	471,626
15	<b>MAUI OTHER PRODUCTION</b>	226,068,547	-	226,068,547	0 0137	3,093,899
16						
17	<b>MAUI TOTAL PRODUCTION</b>	349,197,104	(1,325,000)	347,872,104	0 0250	8,739,450
18						
19	350 20	-		-	0 0000	-
20	350 00	2,452,051		2,452,051	0 0158	38,742
21	352 00	7,258,739		7,258,739	0 0202	146,627
22	353 00	54,989,588		54,989,588	0 0158	868,835
23	355 00	34,506,762		34,506,762	0 0167	576,283
24	356 00	27,042,315		27,042,315	0 0175	473,241
25	357 00	691,536		691,536	0 0159	10,995
26	358 00	1,195,973		1,195,973	0 0198	23,680
27	<b>MAUI TRANSMISSION</b>	128,136,964	-	128,136,964	0 0167	2,138,384
28						
29	360 20	-		-	0 0000	-
30	360 00	1,769,905		1,769,905	0 0203	35,929
31	361 00	2,880,436		2,880,436	0 0120	34,565
32	362 00	62,322,080		62,322,080	0 0134	835,116
33	363 00	2,140,265		2,140,265	0 0192	41,093
34	364 00	44,036,032		44,036,032	0 0170	748,613
35	365 00	62,552,883		62,552,883	0 0165	1,032,119
36	366 00	63,681,154		63,681,154	0 0203	1,292,727
37	367 00	78,779,058		78,779,058	0 0117	921,715
38	368 00	68,297,392		68,297,392	0 0222	1,516,202
39	369 10	29,348,391		29,348,391	0 0378	1,109,369
40	369 20	66,187,647		66,187,647	0 0232	1,535,553
41	370 00	14,573,779		14,573,779	0 0192	279,817
42	373 00	15,936,841		15,936,841	0 0187	298,019
43	<b>MAUI DISTRIBUTION</b>	512,505,663	-	512,505,663	0 0189	9,680,838
44						
45	389 20	-		-	0 0000	-
46	390 00	11,746,496		11,746,496	0 0106	124,513
47	<b>MAUI GENERAL</b>	11,746,496	-	11,746,496	0 0106	124,513
48						
49	392 10	6,865,784		6,865,784	0 0536	368,006
50	392 20	4,500,754		4,500,754	0 0305	137,273
51	<b>MAUI TRANSPORTATION</b>	11,366,538	-	11,366,538	0 0445	505,279
52						
53	<b>TOTAL MAUI DIVISION</b>	1,012,952,765	(1,325,000)	1,011,627,765	0 0209	21,186,463
54						



SCHEDULE E  
PAGE 2 OF 3

Line No.	NARUC Account	Recorded Depreciable/Amort Balance	Adjustments	Adjusted Depreciable/Amort Balance	PUC Approved Accrual Rate Dkt. 2009-0286	Annual Accrual
	(a)	(b) Footnote (1)	(c) Footnote (2)	(d)	(e)	(f)
55	<u>LANAI</u>					
56	340 0L	-	-	-	0.0300	-
57	341 0L	4,085,725		4,085,725	0.0454	185,492
58	342 0L	1,978,695		1,978,695	0.0304	60,152
59	343 0L	1,693,466		1,693,466	0.0360	60,965
60	344 0L	8,584,594		8,584,594	0.0234	200,880
61	345 0L	3,810,221		3,810,221	0.0253	96,399
62	<u>LANAI OTHER PRODUCTION</u>	<u>20,152,701</u>	<u>-</u>	<u>20,152,701</u>	<u>0.0300</u>	<u>603,887</u>
63						
64	360 1L	154,398		154,398	0.0203	3,134
65	362 0L	2,401,517		2,401,517	0.0165	39,625
66	364 0L	2,376,627		2,376,627	0.0185	43,968
67	365 0L	3,108,166		3,108,166	0.0165	51,285
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	1,131,957		1,131,957	0.0208	23,545
71	369 1L	1,240,567		1,240,567	0.0380	47,142
72	369 2L	1,161,897		1,161,897	0.0256	29,745
73	370 0L	435,239		435,239	0.0195	8,487
74	373 0L	265,072		265,072	0.0166	4,400
75	<u>LANAI DISTRIBUTION</u>	<u>15,894,712</u>	<u>-</u>	<u>15,894,712</u>	<u>0.0193</u>	<u>305,878</u>
76						
77	389 2L	-		-	0.0000	-
78	390 0L	803,024		803,024	0.0138	11,082
79	<u>LANAI GENERAL</u>	<u>803,024</u>	<u>-</u>	<u>803,024</u>	<u>0.0138</u>	<u>11,082</u>
80						
81	392 1L	836,933		836,933	0.0086	7,196
82	392 2L	292,057		292,057	0.0875	25,555
83	<u>LANAI TRANSPORTATION</u>	<u>1,128,990</u>	<u>-</u>	<u>1,128,990</u>	<u>0.0290</u>	<u>32,753</u>
84						
85	Lanai CHP - Production	-	3,010,000	3,010,000	0.0319	96,019
86	Lanai CHP - Distribution	-	490,000	490,000	0.0230	11,270
87	<u>LANAI RATEMAKING ADJUSTMENT</u>	<u>-</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>0.0307</u>	<u>107,289</u>
88						
89	<u>TOTAL LANAI DIVISION</u>	<u>37,979,427</u>	<u>3,500,000</u>	<u>41,479,427</u>	<u>0.0256</u>	<u>1,051,888</u>
90						
91	<u>MOLOKAI</u>					
92	302 0M	-		-	0.0000	-
93	<u>INTANGIBLE PLANT</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0000</u>	<u>-</u>
94						
95	340 0M	-		-	0.0000	-
96	341 0M	3,001,052		3,001,052	0.0447	134,147
97	342 0M	2,010,598		2,010,598	0.0452	90,879
98	343 0M	2,322,344		2,322,344	0.0256	59,452
99	344 0M	12,661,884		12,661,884	0.0354	448,231
100	345 0M	4,892,600		4,892,600	0.0266	130,143
101	<u>MOLOKAI OTHER PRODUCTION</u>	<u>24,888,478</u>	<u>-</u>	<u>24,888,478</u>	<u>0.0347</u>	<u>862,852</u>
102						
103	350 1M	-		-	0.0000	-
104	353 0M	631,045		631,045	0.0232	14,640
105	354 0M	38,669		38,669	0.0233	901
106	355 0M	216,284		216,284	0.0077	1,665
107	356 0M	272,998		272,998	0.0097	2,648
108	<u>MOLOKAI TRANSMISSION</u>	<u>1,158,996</u>	<u>-</u>	<u>1,158,996</u>	<u>0.0171</u>	<u>19,855</u>
109						
110	360 1M	32,420		32,420	0.0202	655
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	3,300,818		3,300,818	0.0210	69,317
114	364 0M	4,733,741		4,733,741	0.0224	105,036
115	365 0M	3,278,603		3,278,603	0.0177	58,035
116	366 0M	136,064		136,064	0.0227	3,069
117	367 0M	3,857,609		3,857,609	0.0174	67,122
118	368 0M	1,655,899		1,655,899	0.0225	37,258
119	369 1M	1,709,720		1,709,720	0.0406	69,415
120	369 2M	1,258,796		1,258,796	0.0261	32,855
121	370 0M	519,099		519,099	0.0121	6,281
122	373 0M	344,554		344,554	0.0152	5,237
123	<u>MOLOKAI DISTRIBUTION</u>	<u>22,198,746</u>	<u>-</u>	<u>22,198,746</u>	<u>0.0215</u>	<u>477,075</u>
124						
125	389 2M	56,383		56,383	0.0003	17
126	390 0M	850,890		850,890	0.0085	7,318
127	<u>MOLOKAI TOTAL GENERAL</u>	<u>917,273</u>	<u>-</u>	<u>917,273</u>	<u>0.0080</u>	<u>7,334</u>
128						
129	392 1M	617,904		617,904	0.0000	-
130	392 2M	398,781		398,781	0.0000	-
131	<u>MOLOKAI TRANSPORTATION</u>	<u>1,016,685</u>	<u>-</u>	<u>1,016,685</u>	<u>0.0000</u>	<u>-</u>
132						
133	<u>TOTAL MOLOKAI DIVISION</u>	<u>50,180,178</u>	<u>-</u>	<u>50,180,178</u>	<u>0.0272</u>	<u>1,367,116</u>
134						
135	<u>UTILITY TOTAL DEPRECIATION</u>	<u>1,101,112,370</u>	<u>2,175,000</u>	<u>1,103,287,370</u>	<u>0.0214</u>	<u>23,617,467</u>
136						
137						

Line No	NARUC Account	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	Amortization Amounts					
139						
140	MAUI					
141	316 00	3,248,644		3,248,644	0.0500	\$ 162,432
142	346 00	16,681,287		16,681,287	0.0500	834,064
143	MAUI PRODUCTION	19,929,931	-	19,929,931	0.0500	996,497
144						
145	391 10	1,641,548		1,641,548	0.2000	328,310
146	391 20	384,083		384,083	0.1000	38,408
147	391 30	1,073,252		1,073,252	0.0667	71,586
148	393 00	507,752		507,752	0.0400	20,310
149	394 00	6,871,895		6,871,895	0.0400	274,876
150	395 00	405,989		405,989	0.0667	27,079
151	396 00	140,554		140,554	0.0556	7,815
152	397 00	18,073,067		18,073,067	0.0667	1,205,474
153	398 00	1,157,405		1,157,405	0.0667	77,198
154	MAUI GENERAL	30,255,545	-	30,255,545	0.0678	2,051,056
155						
156	TOTAL MAUI DIVISION	50,185,476	-	50,185,476	0.0607	3,047,552
157						
158	LANAI					
159	346 0L	294,582		294,582	0.0500	14,729
160	LANAI OTHER PRODUCTION	294,582	-	294,582	0.0500	14,729
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	7,724		7,724	0.0667	515
165	394 0L	51,495		51,495	0.0400	2,060
166	397 0L	847,668		847,668	0.0667	56,540
167	398 0L	52,254		52,254	0.0667	3,485
168	LANAI GENERAL	986,993	-	986,993	0.0688	67,938
169						
170	TOTAL LANAI DIVISION	1,281,575	-	1,281,575	0.0645	82,667
171						
172	MOLOKAI					
173	346 0M	164,917		164,917	0.0500	8,246
174	MOLOKAI OTHER PRODUCTION	164,917	-	164,917	0.0500	8,246
175						
176						
177	391 1M	10,308		10,308	0.2000	2,062
178	391 2M	-		-	0.1000	-
179	391 3M	17,963		17,963	0.0667	1,198
180	394 0M	154,962		154,962	0.0400	6,199
181	397 0M	1,093,059		1,093,059	0.0667	72,907
182	398 0M	53,315		53,315	0.0667	3,556
183	MOLOKAI GENERAL	1,329,607	-	1,329,607	0.0646	85,921
184						
185	TOTAL MOLOKAI DIVISION	1,494,524	-	1,494,524	0.0630	94,167
186						
187	UTILITY TOTAL AMORTIZATION	52,961,575	-	52,961,575	0.0609	3,224,387
188						
189	TOTAL RAM DEPRECIATION / AMORTIZATION				Line 135 + Line 187	\$ 26,841,854
190	LESS Vehicle Depreciation (A/C 392 above)				sum of lines 51,83,131	\$ (538,032)
191	LESS Depreciation & Amortization in Current Revenues				Footnote (3)	\$ (20,933,000)
192						
193	RAM Adjustment for Depreciation & Amortization					\$ 5,370,822
194	RAM Adjustment for CIAC Amortization				Schedule G Line 15	\$ (713,648)
195	RAM Adjustment for CIS Amortization				MECO-WP-D1-001, page 3	\$ 233,099
196	Amortization of ADIT Excess Reg Liability				Schedule D5	\$ (453,455)
197	Total RAM Adjustment for Depreciation & Amortization					\$ 4,436,808
198	Times Factor for Revenue Taxes				Schedule C Line 5	1.0975
199						
200	RAM DEPRECIATION & AMORTIZATION				Line 197 * Line 198	\$ 4,869,397
					To Sch A1	

Footnotes:

- (1) Depreciable Balance \$ 1,101,112,370 Line 136  
 Amortizable Balance 52,961,575 Line 187  
 Total Utility Plant per Schedule \$ 1,154,073,945
- Add Land, Land Rights, Franchises & Consents as of 12/31/17 not included in Schedule 1,714,890  
 Total Utility Plant per G/L \$ 1,155,788,836 December 2017 Monthly Financial Report filed 3/1/18
- (2) Amounts are recorded, except for the following adjustment  
 Lanai CHP 3,500,000 MECO-RWP-1401 (Revised 3/28/12), Dkt. No. 2011-0092, page 10  
 Asset Retirement Obligation Entries (1,325,000) Schedule D1, Note 1  
 Total Adjustment \$ 2,175,000 Column (c)
- (3) Depreciation & Amortization in Current Revenues<sup>1</sup>  
 Total Depreciation 21,347,000  
 LESS Vehicle Depreciation (A/C 392) (414,000)  
 Net Depreciation in Current Revenues 20,933,000
- <sup>1</sup> 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**

<u>Line No.</u>	<u>NARUC Account</u> (a)	<u>Reference</u> (b)	<u>Projected ADIT Change</u> (c)
1	State Tax Depreciation	Schedule F1	1,489,519
2	Amortization of Excess Deferreds	Schedule D5	453,465
3	Subtotal		<u>1,942,984</u>
4	Effective Federal Tax Rate	MECO-WP-F-001	19.7368%
5	Federal Deferred Tax on State Tax Depreciation	Line 1 * Line 4	<u>383,484</u>
6	Add back State Tax Depreciation	Line 1	(1,489,519)
7	Federal Tax Depreciation	Schedule F1	<u>1,489,519</u>
8	Federal/State Difference	Line 6 + Line 7	-
9	Tax Rate on Federal Only Adjustment	MECO-WP-F-001	21.00%
10	Federal Deferred Tax Adjustment	Line 8 * Line 9	<u>-</u>
11	Total Federal Deferred Taxes Before Proration		383,484
12	Proration Adjustment	MECO-WP-F1-003	(63,317)
13	Total Federal Deferred Taxes After Proration	Line 9 + Line 10	<u><u>320,167</u></u>
<b>STATE DEFERRED TAXES</b>			
14	State Tax Depreciation	Schedule F1	1,489,519
15	Amortization of Excess Deferreds	Schedule D5	453,465
16	Subtotal		<u>1,942,984</u>
15	Effective State Tax Rate	MECO-WP-F-001	6.0150%
16	Total State Deferred Taxes	Line 14 * Line 15	<u>116,871</u>
17	TOTAL FED AND STATE DEFERRED TAXES	Line 13 + Line 16	<u><u>437,038</u></u>

*To Schedule D1*

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.  
DECOUPLING CALCULATION WORKBOOK  
DETERMINATION OF TAX DEPRECIATION

Line No	LIFE	MECO-WP-F1-002				PROJECTS	PROGRAMS	TOTAL	PROJECTS	PROGRAMS	TOTAL	FED YR 1	FED TAX DEPR	STATE YR 1	STATE DEPR RATE	STATE TAX DEPR
		PROJECTS	PROGRAMS	TOTAL												
1	Computers	237,540	104,241	341,781		0.55%	0.24%	0.79%								
2	Off-Pump/Tools	35,114	286,608	321,722		0.08%	0.67%	0.75%								
3	Street Lights	417,753	502,522	920,275		0.97%	1.17%	2.14%								
4	Non-Steam Production	6,196,325	421,571	6,617,896		14.41%	0.98%	15.39%								
5	Transmission > 69kV	325,839	7,607	333,446		0.76%	0.02%	0.78%								
6	Communication	1,198,099	85,974	1,284,073		2.79%	0.20%	2.99%								
7	Steam Production	521,066	80,876	601,944		1.21%	0.19%	1.40%								
8	General	438,915	293,956	732,871		1.02%	0.68%	1.70%								
9	Transmission	1,618,109	592,592	2,210,701		3.76%	1.38%	5.14%								
10	Distribution	10,783,645	17,092,536	27,876,181		25.07%	39.74%	64.82%								
11	Structural	608,068	33,261	641,329		1.41%	0.08%	1.49%								
12	ROW	1,639	118,777	120,416		0.00%	0.28%	0.28%								
13	Land	128,655	(3,842)	124,813		0.00%	-0.01%	0.01%								
14	Vehicles	880,463		880,463		0.30%	2.05%	2.35%								
15	TOTAL	22,511,689	20,497,242	43,008,931		52.34%	47.65%	100.00%								

Project and Program's Totals by Depreciable Life									
5 yr	0.55%	0.24%	0.79%						
7 yr	1.06%	1.83%	2.89%						
15 yr	15.17%	1.00%	16.16%						
20 yr	33.85%	42.19%	76.04%						
39 yr	1.41%	0.08%	1.49%						
50 yr	0.00%	0.28%	0.28%						
Land	0.00%	-0.01%	-0.01%						
Vehicles	0.30%	2.05%	2.35%						
Total	52.34%	47.65%	100.00%						

Vintage 2018 - Bonus Depreciation									
Basis subject to bonus depreciation	0%	0%	0%	5 yr	60.00%				
5 yr	0.00%	0.00%	0.00%	7 yr	57.14%				
7 yr	0.00%	0.00%	0.00%	15 yr	52.50%				
15 yr	0.00%	0.00%	0.00%	20 yr	51.87%				
20 yr	n/a	n/a	n/a						
39 yr	n/a	n/a	n/a						
50 yr	n/a	n/a	n/a						
Land	n/a	n/a	n/a						
Vehicles	n/a	n/a	n/a						
Total	0.00%	0.00%	0.00%						

Vintage 2018 - Regular Depreciation									
Basis subject to regular depreciation	(Total less amounts subject to bonus depr)	0.79%	0.79%	5 yr	253,748	20.00%	50,750	20.00%	50,750
5 yr	0.55%	0.24%	0.79%	7 yr	923,272	14.29%	131,936	14.29%	131,936
7 yr	1.06%	1.83%	2.89%	15 yr	5,165,404	5.00%	258,270	5.00%	258,270
15 yr	15.17%	1.00%	16.16%	20 yr	24,302,294	3.75%	911,336	3.75%	911,336
20 yr	33.85%	42.19%	76.04%	39 yr	476,497	1.17%	5,608	1.17%	5,608
39 yr	1.41%	0.08%	1.49%	50 yr	89,483	1.00%	895	1.00%	895
50 yr	0.00%	0.28%	0.28%						
Land	n/a	n/a	n/a						
Vehicles	52.04%	45.62%	97.66%						
Total	52.04%	45.62%	97.66%						

Net Depreciable Baseline Plant Adds									
Major Capital Projects from Schedule F2	4,381,524								
Total Depreciable Plant Adds	35,592,222								

Reconciliation from Baseline Plant Adds to Net Depreciable Plant Adds									
Baseline Capital Projects Plant Adds	43,008,911								
Less: Repairs deduction	11,050,710								
Net plant add basis	31,958,201								
Less: Land and Vehicles (2.34% x \$31,958,201) & rdg	747,503								
	31,210,698								

TOTAL ASSETS									
Net Depreciable Baseline Plant Adds	31,210,698								
Major Capital Projects from Schedule F2	4,381,524								
Total Depreciable Plant Adds	35,592,222								

Schedule D2									
MECO-WP-F1-001, pg. 1	43,008,911								
<< supported by Special Study each year	11,050,710								
	31,958,201								
	747,503								
	31,210,698								

NOTE (1)  
The 2017 Tax Cut and Jobs Act (TCJA) excludes property used in trade or business by public utility companies from bonus depreciation for otherwise qualified property acquired and placed in service after September 27, 2017

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

Line No.	Description	(b)	PUC Docket (c)	Estimated In Service Date (d)	Amount (e)	
1	Assumed Value of 2018 Major Capital Projects Plant Items				\$ 4,381,524	Schedule D3
2	Assumed Value of 2018 Major Capital Projects - CIAC nontaxable				\$ -	Schedule G2
3	Assumed Value of 2018 Major Capital Projects - Total				<u>\$ 4,381,524</u>	
4	Tax Classification of Major Capital Project Additions	Tax Basis Distribution	FED YR 1 DEPR RATE	FED YR 1 TAX DEPR	STATE YR 1 DEPR RATE	STATE YR 1 TAX DEPR
5	7 yr	-	14.29%	-	14.29%	-
6	15 yr	-	5.00%	-	5.00%	-
7	20 yr	3,485,961	3.75%	130,724	3.75%	130,724
8	39 yr	n/a				
9	Land	895,563				
10	Vehicles	n/a				
11	Total	<u>\$ 4,381,524</u>		<u>\$ 130,724</u>		<u>\$ 130,724</u>
		From Schedule D3		To Schedule F1		To Schedule F1

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

Line No.	Description (a)	Reference (b)	Unamortized CIAC (c)	CIAC Amortization (d)
1	12/31/17 Beginning Balance	Sch. G1	\$ (102,683,611)	
2				
3	<u>2018 CIAC Additions:</u>			
4	Baseline 5-Yr Average	Sch. G1	(6,015,706)	
5	Major Projects	Sch. G2	-	
6	Net Additions		<u>(6,015,706)</u>	
7				
8	<u>2018 CIAC Amortization:</u>			
9	Estimated Amortization	Sch. G3	<u>2,280,648</u>	<u>\$ (2,280,648)</u>
10				
11	<b>12/31/18 Ending Balance</b>		<b><u>\$ (106,418,669)</u></b>	<b>(2,280,648)</b>
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>\$ (713,648)</u></b>
				To Sch E p.3 Line 194

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 (a)	2/21/2014	2/26/2015	2/23/2016	2/24/2017	3/1/2018
		2013 (b)	2014 (c)	2015 (d)	2016 (e)	2017 (f)
1	CIAC Balance, January 1 (Dec Rpt. pg. 10)	(82,211,127)	(85,047,271)	(88,217,709)	(91,061,643)	(97,870,217)
2	Less: CIAC Amortization (Dec Rpt. pg. 1)	1,733,766	1,816,855	1,907,533	1,993,924	2,153,969
3	Less: CIAC Balance, December 31 (Dec Rpt. pg. 10)	85,047,271	88,217,709	91,061,643	97,870,217	102,683,611
4						
5	<b>Total CIAC Additions</b>	<b>4,569,910</b>	<b>4,987,293</b>	<b>4,751,467</b>	<b>8,802,498</b>	<b>6,967,363</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	<u>2017 In-service:</u>					
16	Kuihelani Substation	2015-0070	M0000107			-
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27	<b>Total Net CIAC Additions</b>	<b>4,569,910</b>	<b>4,987,293</b>	<b>4,751,467</b>	<b>8,802,498</b>	<b>6,967,363</b>
28						
29	<b>Last Five-Year Average</b>					<b>6,015,706</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 workbook 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>2018 Major Capital Project CIAC Additions by Project:</u>			
2	None			\$ -
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13	Total Major Project CIAC Additions for 2018 RAM			<u>\$ -</u>



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

Line No.	Description (a)	2016		2017		2018
		Balance (b)		Amortization (c)	Balance (d)	Amortization (e)
1	<u>CIAC by Vintage:</u>					
2		1980 \$ 2,433	\$	(137)	\$ 2,296	(138)
3		1981 \$ 25,410	\$	(1,303)	\$ 24,107	(1,304)
4		1981 L \$ 69	\$	(4)	\$ 65	(3)
5		1982 \$ 38,463	\$	(1,864)	\$ 36,599	(1,865)
6		1982 \$ 90,396	\$	(4,383)	\$ 86,013	(4,382)
7		1982 L \$ 20	\$	(1)	\$ 19	(1)
8		1983 \$ 14,457	\$	(666)	\$ 13,791	(667)
9		1983 L \$ 6	\$	(1)	\$ 5	(0)
10		1984 \$ 45,137	\$	(1,987)	\$ 43,150	(1,986)
11		1984 L \$ 5	\$	-	\$ 5	(0)
12		1985 \$ 109,405	\$	(4,606)	\$ 104,799	(4,606)
13		1986 \$ 147,425	\$	(5,951)	\$ 141,474	(5,951)
14		1986 L \$ 83	\$	(3)	\$ 80	(3)
15		1987 \$ 143,471	\$	(5,564)	\$ 137,907	(5,563)
16		1987 L \$ 2,082	\$	(81)	\$ 2,001	(81)
17		1988 \$ 197,096	\$	(7,353)	\$ 189,743	(7,354)
18		1988 L \$ 29,352	\$	(1,096)	\$ 28,256	(1,095)
19		1989 \$ 356,466	\$	(12,816)	\$ 343,650	(12,816)
20		1989 L \$ 56,065	\$	(2,016)	\$ 54,049	(2,016)
21		1989 MO \$ 74,862	\$	(2,698)	\$ 72,164	(2,698)
22		1990 \$ 456,374	\$	(15,833)	\$ 440,541	(15,833)
23		1990 L \$ 26,131	\$	(906)	\$ 25,225	(907)
24		1990 MO \$ 4,739	\$	(165)	\$ 4,574	(164)
25		1991 \$ 614,068	\$	(20,584)	\$ 593,484	(20,583)
26		1991 L \$ 24,914	\$	(835)	\$ 24,079	(835)
27		1991 MO \$ 8,570	\$	(288)	\$ 8,282	(287)
28		1992 \$ 473,744	\$	(15,361)	\$ 458,383	(15,361)
29		1992 L \$ 55,994	\$	(1,816)	\$ 54,178	(1,816)
30		1992 MO \$ 24,811	\$	(804)	\$ 24,007	(805)
31		1993 IK \$ 2,093,885	\$	(65,757)	\$ 2,028,128	(65,758)
32		1993 \$ 409,243	\$	(12,850)	\$ 396,393	(12,850)
33		1993 L \$ 59,812	\$	(1,879)	\$ 57,933	(1,878)
34		1993 MO \$ 17,053	\$	(535)	\$ 16,518	(535)
35		1994 \$ 409,653	\$	(12,469)	\$ 397,184	(12,469)
36		1994 L \$ (10,540)	\$	321	\$ (10,219)	321
37		1994 MO \$ 7,443	\$	(227)	\$ 7,216	(227)
38		1993 IK \$ 254,634	\$	(7,995)	\$ 246,639	(7,995)
39		1995 \$ 428,212	\$	(12,647)	\$ 415,565	(12,646)
40		1995 L \$ 3,277	\$	(96)	\$ 3,181	(97)
41		1995 MO \$ 62,363	\$	(1,842)	\$ 60,521	(1,842)
42		1996 \$ 492,628	\$	(14,129)	\$ 478,499	(14,129)
43		1996 L \$ 9,971	\$	(286)	\$ 9,685	(286)
44		1996 MO \$ 68,772	\$	(1,973)	\$ 66,799	(1,972)
45		1996 IK \$ 90,882	\$	(2,606)	\$ 88,276	(2,607)
46		1997 \$ 391,186	\$	(10,906)	\$ 380,280	(10,905)
47		1997 L \$ 59,115	\$	(1,648)	\$ 57,467	(1,648)
48		1997 MO \$ 51,077	\$	(1,424)	\$ 49,653	(1,424)
49		1998 \$ 698,984	\$	(18,956)	\$ 680,028	(18,955)
50		1998 L \$ 21,737	\$	(589)	\$ 21,148	(589)
51		1998 MO \$ 15,809	\$	(428)	\$ 15,381	(429)
52		1999 \$ 916,075	\$	(24,184)	\$ 891,891	(24,184)
53		1999 L \$ 5,366	\$	(141)	\$ 5,225	(142)
54		1999 MO \$ (728)	\$	20	\$ (708)	19
55		2000 \$ 827,551	\$	(21,282)	\$ 806,269	(21,283)
56		2000 L \$ 3,775	\$	(97)	\$ 3,678	(97)
57		2000 MO \$ 20,705	\$	(533)	\$ 20,172	(532)
58		2001 \$ 1,293,915	\$	(32,439)	\$ 1,261,476	(32,439)
59		2001 L \$ 90,364	\$	(2,266)	\$ 88,098	(2,265)
60		2001 MO \$ 34,181	\$	(857)	\$ 33,324	(857)

Line No.	Description (a)	2016 Balance (b)	2017		2018 Amortization (e)
			Amortization (c)	Balance (d)	
61	2002	\$ 926,693	\$ (22,662)	\$ 904,031	(22,663)
62	2002 L	\$ 10,739	\$ (263)	\$ 10,476	(263)
63	2002 MO	\$ 8,346	\$ (204)	\$ 8,142	(204)
64	2003	\$ 6,001,916	\$ (143,265)	\$ 5,858,651	(143,264)
65	2003 L	\$ 476,882	\$ (11,383)	\$ 465,499	(11,383)
66	2003 MO	\$ 17,308	\$ (413)	\$ 16,895	(413)
67	2004	\$ 1,916,707	\$ (44,681)	\$ 1,872,026	(44,682)
68	2004 L	\$ 96,985	\$ (2,261)	\$ 94,724	(2,261)
69	2004 MO	\$ 31,379	\$ (732)	\$ 30,647	(731)
70	2005	\$ 5,655,071	\$ (128,817)	\$ 5,526,254	(128,817)
71	2005 L	\$ 328,765	\$ (7,489)	\$ 321,276	(7,489)
72	2005 MO	\$ 1,354,359	\$ (30,852)	\$ 1,323,507	(30,851)
73	2006	\$ 8,208,973	\$ (182,817)	\$ 8,026,156	(182,817)
74	2006 L	\$ 78,243	\$ (1,742)	\$ 76,501	(1,743)
75	2006 MO	\$ 376,007	\$ (8,374)	\$ 367,633	(8,374)
76	2007	\$ 7,659,663	\$ (166,859)	\$ 7,492,804	(166,858)
77	2007 L	\$ 32,847	\$ (715)	\$ 32,132	(716)
78	2007 MO	\$ 101,265	\$ (2,206)	\$ 99,059	(2,206)
79	2008	\$ 7,469,238	\$ (159,211)	\$ 7,309,027	(159,212)
80	2008 L	\$ 463,624	\$ (9,884)	\$ 453,740	(9,884)
81	2008 MO	\$ 35,168	\$ (750)	\$ 34,418	(750)
82	2009	\$ 6,883,637	\$ (143,678)	\$ 6,739,959	(143,679)
83	2009 L	\$ 340,230	\$ (7,102)	\$ 333,128	(7,101)
84	2009 MO	\$ 59,593	\$ (1,244)	\$ 58,349	(1,244)
85	2010	\$ 3,813,442	\$ (77,961)	\$ 3,735,481	(77,961)
86	2010 L	\$ (4,614)	\$ 94	\$ (4,520)	94
87	2010 MO	\$ 14,562	\$ (297)	\$ 14,265	(298)
88	2011	\$ 2,501,573	\$ (50,115)	\$ 2,451,458	(50,115)
89	2011 L	\$ 9,708	\$ (195)	\$ 9,513	(194)
90	2011 MO	\$ 44,169	\$ (884)	\$ 43,285	(885)
91	2012	\$ 8,434,679	\$ (165,386)	\$ 8,269,293	(165,386)
92	2012 L	\$ 52,126	\$ (1,022)	\$ 51,104	(1,022)
93	2012 MO	\$ 29,332	\$ (575)	\$ 28,757	(575)
94	2013	\$ 4,206,255	\$ (80,890)	\$ 4,125,365	(80,889)
95	2013 L	\$ 48,619	\$ (935)	\$ 47,684	(935)
96	2013 MO	\$ 65,769	\$ (1,265)	\$ 64,504	(1,264)
97	2014	\$ 4,668,811	\$ (88,091)	\$ 4,580,720	(88,091)
98	2014 L	\$ 86,691	\$ (1,635)	\$ 85,056	(1,636)
99	2014 MO	\$ 50,435	\$ (951)	\$ 49,484	(952)
100	2015	\$ 4,592,716	\$ (85,050)	\$ 4,507,666	(85,050)
101	2015 L	\$ 23,654	\$ (438)	\$ 23,216	(438)
102	2015 MO	\$ 48,706	\$ (902)	\$ 47,804	(902)
103	2016	\$ 6,867,570	\$ (124,865)	\$ 6,742,705	(124,865)
104	2016 L	\$ 34,543	\$ (628)	\$ 33,915	(628)
105	2016 MO	\$ 1,900,384	\$ (34,552)	\$ 1,865,832	(34,552)
106	2017			\$ 6,767,726	(123,050)
107	2017 L			\$ 91,355	(1,661)
108	2017 MO			\$ 108,282	(1,969)
109	Total CIAC Amortization for 2018 RAM	<u>97,870,217</u>	<u>(2,153,969)</u>	<u>102,683,611</u>	<u>(2,280,648)</u>

To Schedule G

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)	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	\$ 26,358	\$ 438,514	
2	<u>Ratemaking Adjustments to Line 1:</u>				
2a	Incentive Compensation Expenses (net of tax)	MECO-WP-H-002	253		
2b	Discretionary and Other Expenses Not Recoverable (net of tax)	MECO-WP-H-002	81		
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	(3,533)		
2e	Remove Accrued Earnings Sharing Refund	MECO-WP-H-006	22		
2f	Remove Special Medical Needs Program discount (net of tax)	MECO-WP-H-007	7		
3	Ratemaking Basis Amounts - Post Tax	Sum Lines 1 & 2	\$ 23,198	\$ 438,514	
4	<u>Ratemaking Capitalization</u>		Balances	Ratios	Cost Rate
5	Short-Term Debt (12 mo. Avg)		\$ -	0.00%	0.00%
6	Long-Term Debt (Simple Avg)		\$ 178,830	39.05%	4.88%
7	Hybrid Securities (Simple Avg)		\$ 9,553	2.09%	7.18%
8	Preferred Stock (Simple Avg)		\$ 4,794	1.05%	8.16%
9	Common Equity (Simple Avg)		\$ 264,828	57.82%	9.00%
10	Total Capitalization	MECO-WP-H-004	\$ 458,005	100.00%	7.34%
11	Line 3 Rate Base Amount			\$ 438,514	
12	Weighted Cost of Debt	Sum lines 5-7		2.06%	
13	Synchronized Interest Expense			\$ 9,013	
	Income Tax Factor	Note 1		1.6369	
13a	Synchronized Interest Expense, net of tax			\$ 5,506	
14	Post Tax Income Available for Preferred & Common (Line 3 - Line 13a)				\$ 17,691
17	Less: Preferred Income Requirement (Line 8 Weighted Cost times Rate Base)				\$ 374
18	Income Available for Common Stock				\$ 17,317
19	Ratemaking Equity Investment (Line 9 Ratio times Rate Base)				\$ 253,558
20	Return on Equity for Decoupling Earnings Sharing	Line 18/Line 19			6.83%
21	<u>Earnings Sharing Revenue Credits:</u>	Basis Points			
22	Achieved ROE (basis points)	683			
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)				46
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	Ratemaking Equity Investment (line 19)		\$ 253,558		
	Basis Point = 1/100 of a percent		0.01%		
	Earnings Required per Basis Point (thousands)		\$ 25.36		
	Times: Income Tax Conversion Factor		1.636929121		
	Pretax Income Required per Basis Point (thousands)		\$ 42		
	Times: Revenue Tax Conversion Factor		1.0975		
	Revenue Requirement per Basis Point (thousands)		\$ 46		

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

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

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

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

<u>Line No.</u>	<u>Description</u> (a)	<u>Reference</u> (b)	<u>Amount \$000</u> (c)	
1	2016 Target Revenues subject to escalation	5/22/17 Decoupling, Sch J	146,047	
2	2017 RAM Cap Increase excluding Exceptional & Other Matters	5/22/17 Decoupling, Sch J	2,921	
3	2017 Target Revenues subject to escalation		148,968	
4	2018 GDP Price Index	MECO-WP-C-002	2.1%	
5	2018 RAM Cap Increase excluding Exceptional & Other Matters	Line 3 x Line 4	3,128	
6	RAM Cap for 2017 RAM Revenue Adjustment, Adjusted	5/22/17 Decoupling, Sch J	15,066	
7	RAM Cap for 2018 RAM Revenue Adjustment	Line 5 + Line 6	18,195	Sch A1

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

Line No.	Description	Reference	Amount \$000
	(a)	(b)	(c)
1	CIS Deferred Cost	Schedule K1	\$ 360.8
2	2018 Revenue Adjustment for Exceptional & Other Matters		\$ 360.8
			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**

			MECO 2018 RAM Rate Base (Note 1)		
Line No.	Description	Reference	Recorded at 12/31/2017	RAM Projected Amounts	Estimated at 12/31/2018
	(a)	(b)	(e)	(f)	(g)
1	CIS Def Cost	MECO-WP-D1-001, page 1	\$ 1,729	\$ (233)	\$ 1,496
2	CIS ADIT - 28400	MECO-WP-K1-001	(415)	56	(359)
3	CIS Excess ADIT				
4	CIS Project	Note 2	(212)	42	(170)
5	Adjustment	Note 2	12	(2)	9
6	Total	Line 1 + Line 2	\$ 1,114	\$ (137)	\$ 977
7	2018 Average Balance				\$ 1,045.1
8	Change in Rate Base				\$ 1,045.1
9	Pretax Rate of Return	Schedule D Line 7			9.15%
10	Pretax Return Requirement	Line 8 x Line 9			\$ 95.6
11	Revenue Requirement \$000	Line 10 x Line 13			\$ 105.0
11	CIS Amortization	MECO-WP-D1-001, page 1			\$ 233.1
12	Revenue Requirement \$000	Line 11 x Line 13			\$ 255.8
13	Revenue Tax Factor (1/(1-8.885%))	Schedule D Line 11			1.0975
14	Total Return on/of Investment \$000	Line 11 + Line 12			\$ 360.8
					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.

Note 2 The Tax Cuts and Jobs Act reduced corporate federal tax rates from 35% to 21%, resulting in excess ADIT balance adjustments. This adjustment was recognized by Hawaiian Electric Company and its subsidiaries as of December 31, 2017. Amortization of the excess ADIT is reflected in accordance with the methodology described at WP-D5-001.

<u>Excess ADIT Amortization</u>		Project	Adjustment*
Balance at 12/31/17	MECO-WP-K1-001/WP- D4-002	(212,127)	11,849
Remaining Life - Months (5 years starting 1/1/2018)		60	60
Monthly Amortization		3,535	(197)
Annual Amortization		42,425	(2,370)
Excess Balance at 12/31/18		(169,702)	9,479

\* adjustment for additional interest recorded for book purposes only.

## ATTACHMENT 6



Superseding Revised Sheet No. 50D  
Effective April 13, 2018

REVISED SHEET NO. 50D  
Effective June 1, 2018

RATE SCHEDULES (continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
87	TOU-R	September 1, 2012	Residential Time-Of-Use Service
88	TOU-R	September 21, 2016	Residential Time-Of-Use Service
89	Residential TOU EV	September 21, 2016	Residential Time-Of-Use Service with Electric Vehicle Pilot
89A	Residential TOU EV	October 1, 2015	Residential Time-Of-Use Service with Electric Vehicle Pilot
89B	Residential TOU EV	September 21, 2016	Residential Time-Of-Use Service with Electric Vehicle Pilot
92	"RBA"	January 1, 2018	Revenue Balancing Account Provision
92A	"RBA"	January 1, 2018	Revenue Balancing Account Provision
92B	"RBA"	February 16, 2018	Revenue Balancing Account Provision
92C	"RBA"	January 1, 2018	Revenue Balancing Account Provision
92D	"RBA"	June 1, 2018	Revenue Balancing Account Provision
92E	"RBA"	June 1, 2018	Revenue Balancing Account Provision
93	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
93A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
93B	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
93C	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
93D	"RAM"	June 1, 2017	Rate Adjustment Mechanism Provision
93E	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
93F	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
93G	"RAM"	June 1, 2018	Rate Adjustment Mechanism Provision

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated May 21, 2018.

Superseding Sheet No. 50E  
Effective May 1, 2018

REVISED SHEET NO. 50E  
Effective June 1, 2018

RATE SCHEDULES (continued)			
<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
93H	"RAM"	June 1, 2018	Rate Adjustment Mechanism Provision
93I	"RAM"	June 1, 2018	Rate Adjustment Mechanism Provision
94	"PPAC"	May 1, 2018	Purchased Power Adjustment Clause
94A	"PPAC"	May 1, 2018	Purchased Power Adjustment Clause
94B	"PPAC"	May 1, 2018	Purchased Power Adjustment Clause
95	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
95A	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
95B	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
96	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
96A	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
97	TOU-RI	November 21, 2016	Residential Interim Time- of-Use Service
97A	TOU-RI	November 21, 2016	Residential Interim Time- of-Use Service
97B	TOU-RI	November 21, 2016	Residential Interim Time- of-Use Service
97C	TOU-RI	November 21, 2016	Residential Interim Time- of-Use Service
98	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
98A	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
98B	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
98C	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
98D	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated May 21, 2018.

REVENUE BALANCING ACCOUNT ("RBA") PROVISION

Supplement To:

Schedule R	- Residential Service
Schedule G	- General Service - Non-Demand
Schedule J	- General Service - Demand
Schedule DS	- Large Power Directly Served Service
Schedule P	- Large Power Service
Schedule F	- Public Street Lighting, Highway Lighting and Park and Playground Floodlighting
Schedule U	- Time-of-Use Service
Schedule TOU-R	- Residential Time-of-Use Service
Schedule TOU-G	- Small Commercial Time-of-Use Service
Schedule TOU-J	- Commercial Time-of-Use Service
Schedule 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 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 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, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1<sup>st</sup> through May 31<sup>st</sup> period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Hawaiian Electric's 2009 test year rate case, Docket No. 2008-0083, consistent with the Final Decision and Order in the Decoupling case, Docket No. 2008-0274.

HAWAIIAN ELECTRIC COMPANY, INC.

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

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

B: TARGET REVENUE:

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

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

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

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

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

HAWAIIAN ELECTRIC COMPANY, INC.

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

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

Monthly Allocation Factors for the Target Revenue are as follows:

January	8.19%
February	7.59%
March	8.10%
April	7.98%
May	8.40%
June	8.07%
July	8.70%
August	8.94%
September	8.65%
October	8.84%
November	8.26%
December	8.28%
Total	100.00%

These factors are based on the mWh sales forecast that is approved by the Commission in Hawaiian Electric's 2017 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:

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

HAWAIIAN ELECTRIC COMPANY, INC.

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

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

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

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

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

HAWAIIAN ELECTRIC COMPANY, INC.

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

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

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

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

RBA Rate Adjustment

All Rate Schedules ..... 1.0350 ¢/kWh

F. NOTICE

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

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

G: COMMISSION'S AUTHORITY

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

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter Dated May 21, 2018.

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

H: TARGET REVENUES CURRENTLY IN EFFECT

Hawaiian Electric Company, Inc.  
Annual Target Revenue (\$000s)

	<u>Description</u>	<u>Amount</u>
1	Electric Sales Revenue	\$1,529,709
	Less:	
2	Fuel Expense	(\$327,609)
3	Purchase Power Expense	(\$466,211)
4	Revenue Tax on Electric Sales Revenue	<u>(\$135,915)</u>
5	Last Rate Order Target Revenues	\$599,974
6	Authorized RAM Revenues	\$13,828
7	Revenue Tax	<u>(\$1,229)</u>
8	Net RAM Adjustment	\$12,599
9	Earnings Sharing Revenue Credits	\$0
10	Revenue Tax	<u>\$0</u>
11	Net Earnings Sharing Revenue Credits	\$0
12	Effective Target Revenue	\$612,574

Notes:

Totals may not add, due to rounding.

See Transmittal No. 18-01, filed March 29, 2018.

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter Dated May 21, 2018.



## RATE ADJUSTMENT MECHANISM PROVISION

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

#### Purpose

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

#### 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, 2011.
- 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.

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION

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

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

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

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

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

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

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

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 two million dollars (\$2,000,000) or more.

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

n) The RAM Revenue Adjustment 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

HAWAIIAN ELECTRIC COMPANY, INC.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

as expected. Because the Commission's review of the Major Capital Projects' actual costs incurred may not occur until the rate case after the RAM Revenue Adjustment for these Major Capital Projects is collected, Major Capital Projects Credits (including interest) will be returned to customers for the amount of Major Capital Projects costs that the Commission disallows for cost recovery. The Major Capital Projects Credits are to be refunded through the RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

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)iii. 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

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated March 31, 2017.

RATE ADJUSTMENT MECHANISM PROVISION (continued)  
RAM Period RAM Revenue Adjustment Calculation:

- 2) The Company shall provide additional schedules indicating the following proposed RAM Revenue Adjustment Calculation applicable for the RAM Period using the methodology set forth below:
  - a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:
    - i. The labor component shall be quantified for the RAM Period by application of the Labor Cost Escalation Rate, reduced to account for the Productivity Offset to labor expenses, including payroll taxes. The part of Base Expenses that represents labor costs for merit employees shall not be subject to application of the Labor Cost Escalation rate, nor be reduced by the Productivity Offset.
    - ii. The Non-labor components 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:

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

- 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.

HAWAIIAN ELECTRIC COMPANY, INC.

Superseding SHEET NO. 93G  
Effective June 8, 2015

REVISED SHEET NO. 93G  
Effective June 1, 2018

RATE ADJUSTMENT MECHANISM PROVISION (continued)

g) See also Settlement Agreement section below.

RAM REVENUE ADJUSTMENT CAP

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

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

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

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated May 21, 2018.



RATE ADJUSTMENT MECHANISM PROVISION (continued)

Evaluation Procedures

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

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

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:

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated May 21, 2018.

Superseding SHEET NO. 93I  
Effective June 1, 2017

REVISED SHEET NO. 93I  
Effective June 1, 2018

RATE ADJUSTMENT MECHANISM PROVISION (continued)

- 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.

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.

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated May 21, 2018.

## ATTACHMENT 6A

Superseding Revised Sheet No. 50D

REVISED SHEET NO. 50D

Effective April 13, 2018Effective June 1, 2018

## RATE SCHEDULES (continued)

Deleted: February 16, 2018

Deleted: April 13, 2018

Sheet	Schedule	Date Effective	Character of Service
87	TOU-R	September 1, 2012	Residential Time-Of-Use Service
88	TOU-R	September 21, 2016	Residential Time-Of-Use Service
89	Residential TOU EV	September 21, 2016	Residential Time-Of-Use Service with Electric Vehicle Pilot
89A	Residential TOU EV	October 1, 2015	Residential Time-Of-Use Service with Electric Vehicle Pilot
89B	Residential TOU EV	September 21, 2016	Residential Time-Of-Use Service with Electric Vehicle Pilot
92	"RBA"	January 1, 2018	Revenue Balancing Account Provision
92A	"RBA"	January 1, 2018	Revenue Balancing Account Provision
92B	"RBA"	February 16, 2018	Revenue Balancing Account Provision
92C	"RBA"	January 1, 2018	Revenue Balancing Account Provision
92D	"RBA"	<u>June 1, 2018</u>	Revenue Balancing Account Provision
92E	"RBA"	<u>June 1, 2018</u>	Revenue Balancing Account Provision
93	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
93A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
93B	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
93C	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
93D	"RAM"	June 1, 2017	Rate Adjustment Mechanism Provision
93E	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
93F	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
93G	"RAM"	<u>June 1, 2018</u>	Rate Adjustment Mechanism Provision

Deleted: February 16, 2018

Deleted: April 13, 2018

Deleted: June 5, 2015

Deleted: April 9, 2018

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated May 21, 2018.

Superseding Sheet No. 50E

Effective May 1, 2018

REVISED SHEET NO. 50E

Effective June 1, 2018

RATE SCHEDULES (continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
93H	"RAM"	<u>June 1, 2018</u>	Rate Adjustment Mechanism Provision
93I	"RAM"	<u>June 1, 2018</u>	Rate Adjustment Mechanism Provision
94	"PPAC"	May 1, 2018	Purchased Power Adjustment Clause
94A	"PPAC"	May 1, 2018	Purchased Power Adjustment Clause
94B	"PPAC"	May 1, 2018	Purchased Power Adjustment Clause
95	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
95A	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
95B	EV-F	December 12, 2017	Commercial Public Electric Vehicle Charging Facility Service Pilot
96	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
96A	EV-U	December 12, 2017	Commercial Public Electric Vehicle Charging Service Pilot
97	TOU-RI	November 21, 2016	Residential Interim Time- of-Use Service
97A	TOU-RI	November 21, 2016	Residential Interim Time- of-Use Service
97B	TOU-RI	November 21, 2016	Residential Interim Time- of-Use Service
97C	TOU-RI	November 21, 2016	Residential Interim Time- of-Use Service
98	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
98A	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
98B	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
98C	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision
98D	"PIM"	January 1, 2018	Performance Incentive Mechanism Provision

Deleted: April 1, 2018

Deleted: May 1, 2018

Deleted: June 6, 2015

Deleted: June 1,  
2017

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated May 21, 2018.

Deleted: April 20, 2018

Superseding REVISED SHEET NO. 92  
Effective June 1, 2017

REVISED SHEET NO. 92  
Effective January 1, 2018

REVENUE BALANCING ACCOUNT ("RBA") PROVISION

Supplement To:

Schedule R	- Residential Service
Schedule G	- General Service - Non-Demand
Schedule J	- General Service - Demand
Schedule DS	- Large Power Directly Served Service
Schedule P	- Large Power Service
Schedule F	- Public Street Lighting, Highway Lighting and Park and Playground Floodlighting
Schedule U	- Time-of-Use Service
Schedule TOU-R	- Residential Time-of-Use Service
Schedule TOU-G	- Small Commercial Time-of-Use Service
Schedule TOU-J	- Commercial Time-of-Use Service
Schedule 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 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 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, and any revenue adjustment provided in accordance with the Performance Incentive Mechanism Provision, over the subsequent June 1<sup>st</sup> through May 31st period. Tracking of target revenue and recorded adjusted revenue commenced on the effective date of the tariff that implemented the Final Decision and Order in Hawaiian Electric's 2009 test year rate case, Docket No. 2008-0083, consistent with the Final Decision and Order in the Decoupling case, Docket No. 2008-0274.

HAWAIIAN ELECTRIC COMPANY, INC.

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

Superseding REVISED SHEET NO. 92A  
Effective January 1, 2014

REVISED SHEET NO. 92A  
Effective January 1, 2018

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

B: TARGET REVENUE:

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

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

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

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

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

HAWAIIAN ELECTRIC COMPANY, INC.

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

Superseding REVISED SHEET NO. 92B  
Effective June 1, 2017

REVISED SHEET NO. 92B  
Effective February 16, 2018

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

Monthly Allocation Factors for the Target Revenue are as follows:

January	8.19%
February	7.59%
March	8.10%
April	7.98%
May	8.40%
June	8.07%
July	8.70%
August	8.94%
September	8.65%
October	8.84%
November	8.26%
December	8.28%
Total	100.00%

These factors are based on the mWh sales forecast that is approved by the Commission in Hawaiian Electric's 2017 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:

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

HAWAIIAN ELECTRIC COMPANY, INC.

Docket No. 2016-0328; Order No. 35280, issued February 9, 2018.  
Transmittal Letter Dated February 12, 2018.



Superseding REVISED SHEET NO. 92C  
Effective June 1, 2017

REVISED SHEET NO. 92C  
Effective January 1, 2018

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

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

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

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

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

HAWAIIAN ELECTRIC COMPANY, INC.

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

Superseding SHEET NO. 92D  
Effective February 16, 2018

REVISED SHEET NO. 92D  
Effective June 1, 2018

Deleted: January 1, 2018

Deleted: February 16, 2018

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

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

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

RBA Rate Adjustment

All Rate Schedules ..... 1.0350 ¢/kWh

Deleted: 0.711¢

F. NOTICE

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

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

G: COMMISSION'S AUTHORITY

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

Deleted: Docket No. 2016-0325; Order No. 35280, issued February 9, 2018.  
Deleted: February 12, 2018

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter Dated May 21, 2018.

SHEET NO. 92E  
Effective April 13, 2018

REVISED SHEET NO. 92E  
Effective June 1, 2018

Deleted: April 13, 2018

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

H: TARGET REVENUES CURRENTLY IN EFFECT

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Hawaiian Electric Company, Inc.  
Annual Target Revenue (\$000s)

	<u>Description</u>	<u>Amount</u>
1	Electric Sales Revenue	\$1,529,709
	Less:	
2	Fuel Expense	(\$327,609)
3	Purchase Power Expense	(\$466,211)
4	Revenue Tax on Electric Sales Revenue	(\$135,915)
5	Last Rate Order Target Revenues	\$599,974
6	Authorized RAM Revenues	\$13,828
7	Revenue Tax	(\$1,229)
8	Net RAM Adjustment	\$12,599
9	Earnings Sharing Revenue Credits	\$0
10	Revenue Tax	\$0
11	Net Earnings Sharing Revenue Credits	\$0
12	Effective Target Revenue	\$612,574

Notes:

Totals may not add, due to rounding.

See Transmittal No. 18-01, filed March 29, 2018.

HAWAIIAN ELECTRIC COMPANY, INC.

Deleted: Docket No. 2016-0326; Order  
No. 35372, issued March 29, 2018.  
Deleted: April 9, 2018

Transmittal Letter Dated May 21, 2018.

Superseding Sheet No. 93  
Effective March 1, 2011

REVISED SHEET NO. 93  
Effective June 1, 2013

#### RATE ADJUSTMENT MECHANISM PROVISION

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

##### Purpose

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

##### 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, 2011.
- 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.

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

Superseding Sheet No. 93A  
Effective March 26, 2012

REVISED SHEET NO. 93A  
Effective June 1, 2013

#### RATE ADJUSTMENT MECHANISM PROVISION

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

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

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

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

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

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

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

Superseding SHEET NO. 93B  
Effective March 30, 2014

REVISED SHEET NO. 93B  
Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (continued)

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 two million dollars (\$2,000,000) or more.

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

n) The RAM Revenue Adjustment 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

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated June 3, 2015.

Superseding SHEET NO. 93C  
Effective March 30, 2014

REVISED SHEET NO. 93C  
Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (continued)

as expected. Because the Commission's review of the Major Capital Projects' actual costs incurred may not occur until the rate case after the RAM Revenue Adjustment for these Major Capital Projects is collected, Major Capital Projects Credits (including interest) will be returned to customers for the amount of Major Capital Projects costs that the Commission disallows for cost recovery. The Major Capital Projects Credits are to be refunded through the RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

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

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated June 3, 2015.

Superseding SHEET NO. 93D  
Effective March 1, 2011

REVISED SHEET NO. 93D  
Effective June 1, 2017

RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated March 31, 2017.



Superseding SHEET NO. 93E  
Effective March 30, 2014

REVISED SHEET NO. 93E  
Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (continued)  
RAM Period RAM Revenue Adjustment Calculation:

- 2) The Company shall provide additional schedules indicating the following proposed RAM Revenue Adjustment Calculation applicable for the RAM Period using the methodology set forth below:
  - a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:
    - i. The labor component shall be quantified for the RAM Period by application of the Labor Cost Escalation Rate, reduced to account for the Productivity Offset to labor expenses, including payroll taxes. The part of Base Expenses that represents labor costs for merit employees shall not be subject to application of the Labor Cost Escalation rate, nor be reduced by the Productivity Offset.
    - ii. The Non-labor components 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:

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated June 3, 2015.

Superseding SHEET NO. 93F  
Effective March 28, 2012

REVISED SHEET NO. 93F  
Effective June 1, 2013

RATE ADJUSTMENT MECHANISM PROVISION (continued)

- 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.

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated May 1, 2013.

Superseding SHEET NO. 93G  
Effective June 8, 2015

REVISED SHEET NO. 93G  
Effective June 1, 2013

Deleted: June 1, 2015

Deleted: June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (continued)

g) See also Settlement Agreement section below.

RAM REVENUE ADJUSTMENT CAP

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

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

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

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

Deleted: Exception to the calculation of the RAM Revenue Adjustment Cap: 1  
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 ordered by the Commission, as described above. 2

Deleted: June 3, 2015

HAWAIIAN ELECTRIC COMPANY, INC.

| Transmittal Letter dated May 21, 2013.

Superseding SHEET NO. 93H

Effective June 3, 2015

REVISED SHEET NO. 93H

Effective June 1, 2015

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Evaluation Procedures

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

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

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:

HAWAIIAN ELECTRIC COMPANY, INC.

| Transmittal Letter dated May 21, 2015.

Deleted: June 1, 2013

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

Deleted: June 3, 2015

Superseding SHEET NO. 93I  
Effective June 1, 2017

REVISED SHEET NO. 93I  
Effective June 1, 2018

RATE ADJUSTMENT MECHANISM PROVISION (continued)

- 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.

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.

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Deleted: SETTLEMENT AGREEMENTS

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. 2006-0093, 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 Campbell Industrial Park Combustion Turbine Unit 1 ("CIP CT-1") and the Customer Information System ("CIS") projects, 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.

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter dated May 11, 2018.

Deleted: March 31, 2017