DIVISION OF CONSUMER ADVOCACY
Department of Commerce and
Consumer Affairs
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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAII

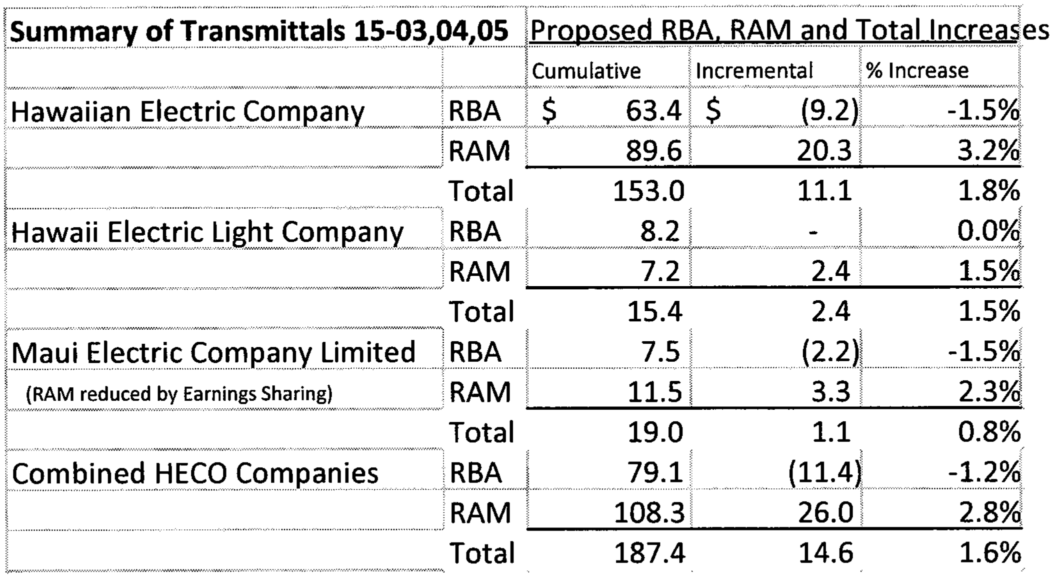
In the Matter of the Application of	)	
	)	
HAWAIIAN ELECTRIC COMPANY, INC.	)	Transmittal Nos. 15-03, 15-04, 15-05
HAWAIʻI ELECTRIC LIGHT	)	(Decoupling)
COMPANY, INC.	)	
MAUI ELECTRIC COMPANY, LIMITED	)	Effective Date: June 1, 2015
	)	
For approval to modify the RBA Rate	)	
Adjustment in its Revenue Balancing	)	
Account Provision Tariff.	)	

DIVISION OF CONSUMER ADVOCACY'S STATEMENT OF POSITION

Pursuant to the Hawaii Public Utilities Commission's ("Commission") Rules of Practice and Procedure, Hawaii Administrative Rules ("HAR") § 6-61-62, the Commission's August 31, 2010 Final Decision and Order and Dissenting Opinion of Leslie H. Kondo, Commissioner in Docket No. 2008-0274 ("2008-0274 Decision and Order") and Order Nos. 31908 and 32735 issued in the decoupling investigation Docket No. 2013-0141, the Division of Consumer Advocacy ("Consumer Advocate" or "Division") offers comments for the Commission's consideration based upon the review that it has been able to conduct thus far of the amended decoupling rate adjustment filings of Hawaiian Electric Company, Inc. ("Hawaiian Electric"), the Hawaii Electric Light Company, Inc. ("Hawaii Electric Light"), and Maui Electric

Company, Limited ("Maui Electric", collectively, the "Hawaiian Electric Companies"). In prior years, the Consumer Advocate has submitted its Statement of Position separately for each of the Hawaiian Electric Companies. However, the substantial changes to the Rate Adjustment Mechanism ("RAM"), as required by the Commission within Order No. 32735, have created a confluence of common issues within the Amended Revenue Balancing Account ("RBA") Rate Adjustment Tariff Filings submitted by the Hawaiian Electric Companies on April 15, 2015. In the interest of administrative efficiency, this Statement of Position is applicable to all three of the Hawaiian Electric Companies' amended RBA tariff filings, except where specifically noted herein.

In its amended tariff transmittals, the Hawaiian Electric Companies seek to implement the following RBA Rate Adjustments for implementation within the June 1, 2015 through May 31, 2016 recovery period:



Summary of Transmittals 15-03,04,05		Proposed RBA, RAM and Total Increases		
		Cumulative	Incremental	% Increase
Hawaiian Electric Company	RBA	$ 63.4	$ (9.2)	-1.5%
	RAM	89.6	20.3	3.2%
	Total	153.0	11.1	1.8%
Hawaii Electric Light Company	RBA	8.2	-	0.0%
	RAM	7.2	2.4	1.5%
	Total	15.4	2.4	1.5%
Maui Electric Company Limited	RBA	7.5	(2.2)	-1.5%
(RAM reduced by Earnings Sharing)	RAM	11.5	3.3	2.3%
	Total	19.0	1.1	0.8%
Combined HECO Companies	RBA	79.1	(11.4)	-1.2%
	RAM	108.3	26.0	2.8%
	Total	187.4	14.6	1.6%

This table illustrates several points for consideration by the Commission. First, because the RBA and RAM amounts are calculated on a cumulative basis, it is necessary to compare the absolute amounts being proposed in the Hawaiian Electric

Companies' 2015 tariff transmittals to cumulative RBA and RAM increases that were approved last year, to determine the "incremental" amounts of change being proposed at this time. Second, the RBA recovery rates approved last year were sufficiently large to cause a decline in the required Hawaiian Electric and Maui Electric recovery rate for the RBA balance, while for Hawaii Electric Light a nominally increased RBA balance during calendar 2014 yields a slightly positive required RBA recovery rate in 2015.[1] This result indicates that the rate of sales declines experienced by Hawaiian Electric and Maui Electric may have stabilized, relative to declines in the prior year.

It should also be noted that Order No. 32735 imposed a new RAM Cap based upon the annual change in the Gross Domestic Product Price Index ("GDPPI"). The Hawaiian Electric Companies have quantified the RAM Cap at 1.10 percent in the tariff transmittals.[2] However, the proposed RAM increases for each of the utilities significantly exceed GDPPI growth because of certain provisions of Order No. 32735 and because of significant issues arising from the Hawaiian Electric Companies' interpretation of Order No. 32735. These RAM Cap issues are discussed in detail in this Statement of Position. The adjustments to the RAM Cap that are proposed by the Consumer Advocate at this time would cause the approved increase to target revenues to more closely conform to the apparent intent of the Commission in Order No. 32735 to

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[1] This change in the RBA balance during 2014 can be observed at Schedule B for each utility. Amounts recovered through Commission-approved RBA rates can be observed in column (f) of Schedule B, while new monthly deferrals for the monthly difference between target and recorded-adjusted revenues can be observed in the "Variance to RBA" amounts in column (e).

[2] See new Schedule J, line 2 and WP-C-002 where the RAM Cap percentage is documented for each of the Hawaiian Electric Companies, based upon the consensus projected growth in GDPPI published by Blue Chip Economic Indicators. The RAM Cap dollar amount is then applied within new Schedule A1 at line 5.

have RAM increases track closely with overall rates of inflation, as measured by GDPPI.[3]

Based on the Consumer Advocate's review to date, as set forth in the discussion section below, the Consumer Advocate proposes four adjustments to the Hawaiian Electric Companies' proposed RBA Rate Adjustment:

1. The Hawaiian Electric Companies have proposed to annualize their 2015 depreciation expense, based upon recorded depreciable Plant in Service balances at December 31, 2014, in determination of the 2014 basis for calculation of the new RAM Cap, even though such an annualization was not specified in Order No. 32735. The Consumer Advocate is reversing the effect of this depreciation annualization in the RAM Cap basis computation.
2. The Hawaiian Electric Companies have proposed to eliminate the 90 percent factor applied to the growth in Rate Base RAM, pursuant to Order No. 31908, in determination of the 2014 basis for calculation of the new RAM Cap, even though the 90 percent factor was intended to be removed only prospectively, after it has been replaced by the GDPPI cap on the overall RAM mechanism.
3. The Hawaiian Electric Companies have modified the method used to clear charges to the Energy Deliver ("ED") and Power Supply ("PS") clearing accounts, causing a significant shift in cost distribution, reducing operating expenses while increasing amounts capitalized within Plant in Service.

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[3] The Consumer Advocate's recommended RAM increases are 1.5%, 1.1% and 1.2% for Hawaiian Electric, Hawaii Electric Light and Maui Electric, respectively.

Because the expense "savings" resulting from this change are ignored, due to escalation of rate case O&M allowances within the RAM, and to avoid overstatement of the RAM Cap and Rate Base RAM that is based upon recorded December 31, 2014 Plant in Service balances, the Consumer Advocate has reversed the estimated Rate Base and depreciation expense impact of this change in accounting methodology for purposes of determining the RAM and RAM Cap.

4. The forecasted kWh sales levels used by the Hawaiian Electric Companies for RBA rate determination were based upon mid-2014 projections that have since been updated. The Consumer Advocate is employing the more current December 2014 sales forecasts, in agreement with the Hawaiian Electric Companies to incorporate these updates at the next opportunity.[4]

Adjustments 1 and 2 are needed to reflect proper application of the Commission's Order No. 32735. These issues were described within a letter submitted to the Commission by the Consumer Advocate on April 29, 2015. The narrative provided in that letter is expanded herein, to provide additional information relevant to the Commission's determination of the intended implementation of the RAM Cap. Adjustment 3 arises from the Hawaiian Electric Companies' response to PUC-IR-1, as clarified and quantified within CA-IR-1 and CA-IR-17, and as more fully described herein. Adjustment 4 reduces the forecasted sales volumes to more recent projections, as quantified in the Companies' response to CA-IR-15.

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[4] Hawaiian Electric Companies' response to CA-IR-15.

The RBA rate impact of these adjustments, that are common across all three utilities, is quantified in Attachment 1 for Hawaiian Electric, Attachment 2 for Hawaii Electric Light, and Attachment 3 for Maui Electric. The Consumer Advocate proposes significantly lower RBA rates per kWh of $2.0838 for Hawaiian Electric, $1.4090 for Hawaii Electric Light, and $1.5971 for Maui Electric Company, as shown on Attachments 1, 2 and 3, respectively, after including the effects of each of the aforementioned Consumer Advocate Adjustments.

Four other matters are also addressed in this Statement of Position that have <u>not</u> been quantified as proposed RBA rate adjustments in Attachments 1 through 3.

5. The GDPPI value used in the Hawaiian Electric Companies' transmittals for RAM Cap determination is based upon the same Blue Chip Economic Indicators forecast of 2015 consensus GDP Price Index values. The Consumer Advocate's letter requested clarification of whether Order No. 32735 envisioned use of this forecasted information or reported actual historical GDPPI data in application of the RAM Cap. Because the Blue Chip source has been used historically and Order No. 32735 acknowledges this fact,[5] no adjustment has been proposed within Attachments 1 through 3 at this time.
6. Provision was made in the 2014 RBA transmittals for uncertainty surrounding the availability of "bonus" tax depreciation in the 2014 RAM year. In December of 2014, federal tax laws were changed to extend bonus depreciation provisions for the 2014 tax year.

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[5] See Order No. 32735 at page 85.

The Consumer Advocate recommends a downward adjustment to the recorded RBA balance in 2015 to account for the benefits of "bonus" depreciation that were ignored in last year's RBA rate determination.

7. The Consumer Advocate recommends prospective simplification of the RBA accounting for billing adjustments in 2015, where such recurring normal billing adjustments should be reflected on an as-billed basis within the Companies' RBA accruals, without detailed analysis and attribution to prior periods or the addition of interest.

8. The Hawaiian Electric Companies have proposed extensive edits to the RAM tariff in response to Order No. 32735. The Consumer Advocate's comments responsive to these tariff changes are provided herein.

These additional matters are presented for consideration by the Commission and prospective application with RBA and RAM accounting in 2015 and, if approved by the Commission, may impact the recalculation of RBA rate adjustments in the next round of decoupling transmittals in 2016.

I. BACKGROUND.

Prior year RBA rate adjustments have been prepared by the Hawaiian Electric Companies in general compliance with the Commission's initial decoupling order set forth in the 2008-0274 Decision and Order, with implementation of annual RBA rate revisions after review and comment by the Consumer Advocate and Commission. The Commission-approved decoupling framework was modified last year in the Commission's Decision and Order No. 31908. The modifications at that time limited increases in the Rate Base RAM to 90 percent above the prior year Rate Base RAM and mandated reductions in the RBA interest rate, to be applied on a net-of-income taxes basis.[6] This year's RBA rate adjustments were initially submitted for each of the Hawaiian Electric Companies in Tariff Transmittal Nos. 15-03, 15-04 and 15-05 on March 31, 2015, based upon the revised framework set forth in Decision and Order No. 31908. However, with the issuance of Order No. 32735, further modifications to the decoupling regime were implemented, including the insertion of a RAM Cap mechanism, limiting annual increases in target revenues through the RAM mechanism to not exceed the percentage change in GDPPI.

Order No. 32735 required each of the Hawaiian Electric Companies to file amended submittals, on or before April 15, 2015, reflecting the calculation and application of the RAM Cap and otherwise revise their March 31, 2015 filings to be consistent with Section V.2. of Order No. 32735.[7] The Hawaiian Electric Companies filed their "Amended RBA Rate Adjustment Tariff Filing" submittals on April 15, 2015, with 6-page cover letters explaining several interpretations that were made by the Hawaiian Electric Companies in interpreting how the RAM Cap was intended to function. The Hawaiian Electric Companies appeared before Commission and

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[6] Decision and Order No. 31908 at Ordering paragraph 3 states, "The Commission orders the Hawaiian Electric Companies to revise their decoupling tariffs to provide that the amount of any "Rate Base RAM - Return on Investment Adjustment" ("Rate Base RAM Adjustment") applied to the determination of Target Revenues and the RBA Rate Adjustment in accordance with the existing RAM tariffs shall include the entire effective Rate Base RAM Adjustment from the prior year, plus ninety percent of the amount that the current RAM Period Rate Base RAM Adjustment exceeds the Rate Base RAM Adjustment from the prior year. If the prior year is a rate case test year, the amount of the Rate Base RAM applied to the determination of Target Revenues and the RBA Rate Adjustment shall be ninety percent of the RAM Period Rate Base RAM Adjustment."

[7] Order No. 32735, page 113, Ordering paragraph 2. This reference to Section V.2. is assumed by the Consumer Advocate to indicate the Order's Discussion at Section V.B.2 where the Commission's Findings and Conclusions regarding "Changes to the RAM" are described.

Consumer Advocate representatives, providing a technical presentation of the amended filings on April 27, 2015. The Consumer Advocate discussed at this technical presentation its concerns with several individually significant Order No. 32735 interpretations that were relied upon by the Hawaiian Electric Companies in preparing the amended tariff submittals. On April 29, 2015, the Consumer Advocate filed a letter and Attachment with the Commission to document in more detail these concerns. The Hawaiian Electric Companies also participated in conference calls and responded to information requests submitted by the Consumer Advocate and the Commission in connection with its amended tariff submittals

The need for the four adjustments listed above to the Hawaiian Electric Companies' filings was revealed by these efforts, as more fully described in the following discussion section of this document. Additionally, this Statement of Position discusses: 1) uncertainty regarding the Commission's intended basis for quantification of the GDPPI cap value is requested, 2) certain RBA balance revisions to account for the retroactive enactment of Federal income tax legislation approving income tax deductions for "bonus" tax depreciation on 2014 plant additions, 3) prospective simplification of RBA accounting for customer billing adjustments is proposed, and 4) the Consumer Advocate's response to the Companies' proposed modifications to the RAM tariff to comply with Order No. 32735.

II. DISCUSSION.

The Hawaiian Electric Companies' amended calculation of RBA Rate Adjustments in 2015 includes two elements. As noted above, reductions in the proposed RBA recovery component of the RBA Rates are appropriate for Hawaiian Electric and Maui Electric, because recovery of December 2013 recorded RBA balances during 2014 has more than offset new RBA accumulations when targeted levels of Commission-approved base revenues exceeded comparable recorded revenues in 2014. As of December 31, 2014, the accumulated RBA balance to be recovered represents a cumulative revenue shortfall of $63.4 million for Hawaiian Electric, $8.2 million for Hawaii Electric Light, and $7.5 million for Maui Electric.[8] In addition to RBA balance recovery, for the 2015 RAM, the Hawaiian Electric Companies have proposed RAM increases of $20.3 million for Hawaiian Electric, $2.3 million for Hawaii Electric Light, and $3.3 million for Maui Electric, driven by calculated increases in the O&M RAM, the Rate Base RAM – Return on Investment RAM and the Depreciation & Amortization Expense RAM for each company, with limitations for the new RAM Cap applicable to Hawaiian Electric and Maui Electric, but not Hawaii Electric Light Company, using the Hawaiian Electric Companies' interpretation and calculations of the RAM Cap.[9]

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[8] See Schedule A at line 3. These amounts include revenue taxes added to the recorded RBA balances at December 31, 2014, as set forth at Schedule B for each utility.

[9] See Schedule A and Schedule A1, where lines 1 through 3 summarize the RBA Balance recovery calculations and lines 4 through 7 summarize the RAM amounts to be included in the RBA Revenue Adjustment. Both the RBA and RAM adjustments are cumulative and must be compared to the previous year's RBA adjustment calculations to determine the "net" adjustment to the RBA adjustment, because the 2015 RBA Rate Adjustments serves to replace the currently effective 2014 RBA Rate. New Schedules A1, J and K are added to calculate and implement the RAM Cap, with supporting workpapers underlying the Schedule J and Schedule K input amounts.

A. REVIEW OF THE REVENUE BALANCING ACCOUNT.

The revenue balancing account is maintained to accumulate the differences that occur each month between; 1) the target level of base revenues that the utility has been authorized to charge, and 2) the comparable amount of monthly recorded adjusted revenues that were actually earned and charged to customers. The revenue balancing process is relatively simple to understand in concept and has been succinctly defined within the RBA Tariff.[10]

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[10] According to Paragraph A: PURPOSE within the Revenue Balancing Account ("RBA") Provision tariff, "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 paragraph C, a single sentence defines recorded adjusted revenues, stating, "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.

Unfortunately, considerable complexity is encountered in practice to accurately isolate the amount of recorded adjusted base revenue that was actually earned from serving customers each month.[11] Contributing to this complexity is the necessary inclusion of monthly accounting accruals and reversals for estimated unbilled revenues that are recorded in addition to all of the actual billed-basis revenue transactions, because of the requirement within Generally Accepted Accounting Principles for each of the Hawaiian Electric Companies to report financial results on an accrual-basis of accounting. Each of the many other revenue tracking mechanisms that have been authorized by the Commission for separate recovery of fuel, purchased power, energy efficiency funding, DSM/IRP, Big Wind / REIP and other targeted cost recoveries create distinct billed and unbilled revenues each month that must in turn be isolated and removed from recorded total revenues to derive the residual amounts of "recorded adjusted" revenues that are subject to RBA reconciliation. A high level summary of the many complex elements of this monthly calculation of recorded adjusted revenues can be observed within Schedule B2 of the decoupling template calculation that is submitted by each of the Hawaiian Electric Companies in support of the proposed annual RBA rate adjustment.

Because of this complexity and the potential for significant errors, the Hawaiian Electric Companies have adopted extensive reporting and internal review requirements to help ensure that the complex entries made each month to its RBA are accurate and complete. Detailed monthly workpaper "Packets" are prepared to document the Hawaiian Electric Companies' analysis in support of the RBA entries that are recorded

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[11] This isolation exercise is necessary to exclude each element of non-base revenues and to properly restate for billing adjustments and error corrections impacting current and prior periods.

each month, as reported at pages 9A, 9A.1 and 9A.2 of the Monthly Financial Report that is submitted to the Commission. These Packets are submitted to the Consumer Advocate and contain written responses to prescribed information requests that highlight any changes in procedures, billing errors or corrections or other unusual transactions impacting the RBA entries or balance. The Hawaiian Electric Companies have also expanded their internal review and data validation processes to reduce the risk of errors in the recording of revenues that are subject to decoupling reconciliation. In addition, internal audit reviews and certain agreed upon review procedures performed by the Hawaiian Electric Companies' external auditor have been implemented by the Hawaiian Electric Companies.

The Consumer Advocate is continuing to review the RBA calculations within the Hawaiian Electric Companies' decoupling filings, the monthly informational packets, and responses to informal information requests, but has at this time identified no needed adjustments to the December 31, 2014, recorded balances that were not already corrected by the Hawaiian Electric Companies as a result of the Hawaiian Electric Companies' internal control and review procedures. The Consumer Advocate has also reviewed and confirmed that adjustments have been properly made to the recorded RBA balance to effect changes to interest calculations that were implemented through the Commission's Decision and Order No. 31908.

Through collaborative discussions with the Hawaiian Electric Companies and after review of information request responses, the Consumer Advocate has concluded and is recommending to the Commission that the extensive manual analyses of out-of-period customer billing adjustments, which has historically been undertaken by the Hawaiian Electric Companies, should be discontinued effective in 2015. Examples of customer billing adjustments and the analytic work performed can be observed in the "Adjustment" column of Schedule B, the footnotes on Schedule B and the multiple "WP-B-xx" documents supportive of these entries.[12] Customer billing adjustments may involve movement of individual customers to a more appropriate rate schedule, with retroactive bill credits for applicable prior periods when an inappropriate schedule was employed or the identification and correction of meter reading or other billing errors.[13] At the inception of decoupling, it was necessary to analyze the prior periods affected by such changes to allow only the prior billings months after decoupling inception to impact RBA balances. Now that several years have passed with decoupling in place, there is minimal risk of significant billing adjustments reaching back far enough to precede the inception of decoupling. Moreover, since the Hawaiian Electric Companies do not pay interest to individual customers who are found to have been charged under an inappropriate rate schedule in prior months, it is not necessary to analyze and add RBA interest to such billing corrections. Customer billing adjustments will flow naturally through the billed revenue accounts feeding into the calculation of recorded, adjusted revenues on Schedule B2 and the proposed elimination of the manual analysis of each adjustment to determine prior period months affected will significantly simplify RBA

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[12] Notably, this discussion does not include the single largest "adjustment" within Schedule B footnotes that was required in order to comply with the reduction in interest rates and application of interest to net of deferred tax RBA balances pursuant to Order No. 31908.

[13] See the Hawaiian Electric Companies' response to CA-IR-14 (d). Under Rule No. 11, Adjustment for Billing Error, Provision 1, where a customer has been overcharged as a result of incorrect application of the rate schedule, the amount of the overcharge shall be adjusted, refunded or credited to the customer. There is no provision in the tariff for applicable historical period or limit on the application of this section. Because of this, the Hawaiian Electric Companies' practice has been to refund or credit to the customer for all billing periods where the customer has been overcharged, without limitation as to when the error occurred.

accounting efforts for the Hawaiian Electric Companies and corresponding review efforts for the Consumer Advocate and the Commission. The Hawaiian Electric Companies should continue to report each customer billing adjustment within its standard data responses prepared and submitted with each monthly RBA packet, so that individual adjustments can be selected for review by the Consumer Advocate, as necessary.

B. REVIEW OF RAM – RAM CAP ISSUES.

The Hawaiian Electric Companies' proposed RAM Revenue Adjustment amount is comprised of the O&M RAM, Rate Base RAM, and the Depreciation and Amortization RAM, as summarized on Schedule A in the Hawaiian Electric Companies' tariff transmittal. Starting with the 2015 RAM year, the overall RAM adjustment each year is to be limited by the RAM Cap approved by the Commission in Order No. 32735, which serves to limit overall RAM increases to the level of general inflation, as measured by the GDPPI.

Based upon the Consumer Advocate's review to date, the Hawaiian Electric Companies' traditional RAM calculations for 2015, excluding the RAM Cap limitations, appear to be in general compliance with the tariff and are based upon verified input data and appropriate computations. However, serious concerns have been raised in several instances where the Hawaiian Electric Companies have interpreted and applied Order No. 32735 RAM Cap provisions in ways the Consumer Advocate views as not clearly conforming to the Commission's intent. In the amended transmittals, the Hawaiian Electric Companies have adopted certain interpretations of the Order that are explained in the letters, schedules and workpapers within and supporting the amended transmittals. These interpretations impact the quantification of the RAM Cap and involve how to properly determine the adjusted 2014 target revenue "basis" to which GDPPI escalations are applied and which GDPPI value to employ. The Hawaiian Electric Companies' interpretations significantly impact the asserted target revenue increases. For example, even though the projected "GDP Price Index" for Hawaiian Electric provides for only a 1.1 percent increase above "Adjusted 2014 Target Revenues," as applied at new Schedule J in Hawaiian Electric's amended transmittal,[14] the actual proposed increase in Target Revenues by Hawaiian Electric for 2015 is approximately 3.2 percent, which can be observed at Schedule B1 (revised 4-15-15) by comparing line 22 to line 21.[15] This revenue percentage increase greatly exceeds GDPPI and can largely be attributed to certain of the Hawaiian Electric Companies' interpretations of the Order.

In each instance described below, a Consumer Advocate adjustment is proposed and quantified in Attachments 1, 2 and 3, for Hawaiian Electric, Hawaii Electric Light and Maui Electric, respectively, so as to revise the RAM Cap calculations within the RBA rate determination appropriately. The Consumer Advocate has endeavored to identify, fully develop and explain each needed adjustment within the expedited review process that has been established in the Commission's several decoupling orders, but recognizes the opportunity that is established under the RBA and RAM tariffs to

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[14] Unless stated otherwise, all schedule or workpaper references relate to Hawaiian Electric's Transmittal No. 15-03 for simplicity purposes. In most instances, similar references also apply to the Hawaii Electric Light and Maui Electric transmittals.

[15] At revised Schedule B1, the 2015 Target Revenues of $593,797,000 represent a 3.2% increase over the 2014 Target Revenues of $575,270,000.

continue its review and seek revisions to target revenues in the future when and if additional corrections or modifications are determined to be appropriate.

1. Depreciation and Amortization Expense Updating.

In determining the 2015 RAM Cap, the Hawaiian Electric Companies propose to embed full recovery of expected 2015 depreciation and amortization expense within the RAM Cap basis calculation, using recorded depreciable Plant in Service balances at December 31, 2014 to calculate Depreciation and Amortization Expense, and then applying a GDPPI escalation rate to the resulting expense amounts. This interpretation of the RAM Cap basis would seriously overstate the RAM Cap amount, by providing more than full recovery of estimated 2015 depreciation and amortization expense, resulting in potential recovery of a 2016 equivalent amount of depreciation/amortization expense that is not consistent with the intended purpose of the RAM Cap.

At pages 3 through 5 of each amended decoupling transmittal letter ("Letter"), the Hawaiian Electric Companies state, "[i]n view of the possible intent of certain language in the Order, the Company respectfully requests consideration of the following regarding the calculation of the 2014 Depreciation and Amortization RAM amount." Then, the Hawaiian Electric Companies quote certain language from Order No. 32735, paragraph 108, that references the use of end-of-year actual accounting inputs, "...in determination of the 2014 Depreciation and Amortization RAM Expense and average rate base in the 2014 Rate Base RAM." To defend this position, the Hawaiian Electric Companies argue that, "[t]he December 31, 2014 plant in service balance includes the plant additions that already went into service and began providing benefits to customers in 2014. Therefore, the adjusted Company's Depreciation and Amortization calculation includes recovery of 2014 plant additions, but no recovery of any 2015 plant additions." However, this argument ignores the fact that the Hawaiian Electric Companies do not record depreciation and amortization expense on their books until the year after new plant additions are recorded, such that 2014 plant additions would not be reflected within depreciation and amortization expense until 2015, which is precisely when the Commission-ordered RAM Cap is intended to limit such recoveries.

Each of the Hawaiian Electric Companies' RAM template calculations include new Schedule J and WP-J-002 calculations supporting the RAM Cap for 2015 RAM Revenue Adjustment amounts appearing at line 5 of Schedule J. Pages 4 and 5 of WP-J-002 calculate an updated Depreciation and Amortization RAM Adjustment employing recorded December 31, 2014 depreciable plant in service balances within column (b). The effect of the Hawaiian Electric Companies' proposed updating of depreciation and amortization expense within the 2014 target revenues used within the RAM Cap increases the calculated RAM Cap by $9.0 million, $1.4 million and $1.3 million for Hawaiian Electric, Hawaii Electric Light and Maui Electric, respectively.[16] Notably, these increases to the Adjusted 2014 Target Revenues used as the basis for the RAM Cap on line 1 of Schedule J are then escalated by GDPPI of 1.1 percent, producing an even higher Cap allowance for Depreciation and Amortization expenses that will exceed estimated 2015 recorded Depreciation and Amortization expenses.

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[16] For Hawaii Electric Light, the depreciation and amortization updating issue impacts proposed RAM revenues by less than the RAM Cap impact, because the full RAM revenue increase on Schedule A1 at lines 1 through 4 is less than the calculated RAM Cap at lines 5 through 7.

Footnote 5 of the Hawaiian Electric Companies' transmittal letters correctly notes that, "[t]he Depreciation and Amortization RAM recovered through the 2014 RBA rate adjustment did not include depreciation expense for plant additions through 2014, because under the Company's method of calculated depreciation, the depreciation accrual is based on the prior year ending (2013) plant in service balance." This means that the Hawaiian Electric Companies' 2014 target revenues, as calculated in last year's decoupling filings, already included full recovery of the Hawaiian Electric Companies' depreciation and amortization expenses expected to be recorded in calendar year 2014, even though such amounts were based upon prior year-end recorded plant in service within last year's decoupling filings. Updating the Hawaiian Electric Companies' depreciation and amortization expense calculations now, to reflect recorded December 31, 2014 plant in service balances, could be appropriate only if the Commission intended no RAM Cap constraints upon the Depreciation and Amortization RAM for the 2015 RAM year. The Hawaiian Electric Companies' interpretation of the RAM Cap has the effect of including within the Cap a full annualization of expected calendar year 2015 depreciation and amortization expense for each of the companies, based upon recorded December 2014 plant in service balances, plus an escalation of GDPPI inflation to further increase such amounts beyond expected 2015 levels. This approach effectively shifts depreciation expense forward by one full year plus 1.1%, for RAM Cap purposes, as compared to how the Depreciation and Amortization RAM Expense was calculated prior to Order No. 32735.

The Hawaiian Electric Companies' Amended Tariff Transmittal Letters cite only paragraph 108 of Order No. 32735 in support of updating last year's Depreciation and Amortization RAM using 2014 plant in service balances. Of particular importance to Hawaiian Electric's position is the sentence within paragraph 108 that states, "[t]he 2014 RAM Revenue Adjustment used to determine the adjusted 2014 target revenues for purposes of determining the cap will be adjusted to use recorded 2014 end-of-year actuals (plant in service, depreciation and amortization, CIAC, and ADIT) rather than 2014 RAM year projections in determination of the 2014 Depreciation and Amortization RAM Expense and average rate base in the 2014 Rate Base RAM." [emphasis added]. The Hawaiian Electric Companies have interpreted the reference in paragraph 108 to "Depreciation and Amortization Expense" quite literally, creating an opportunity to seek vastly higher depreciation and amortization expense levels within the basis of the RAM Cap, using recorded actual December 31, 2014 plant investment amounts that would recover depreciation and amortization expense amounts at the levels expected to be booked in 2015. It seems unlikely to the Consumer Advocate that this outcome was intended. Including estimated 2015 depreciation and amortization expense within the adjusted 2014 target revenues that would serve as the basis for the RAM Cap appears to violate several other provisions within Order No. 32735, as more fully described herein.

First, within paragraph 108, the prescribed adjustment to last year's RAM revenues is specified "...for purposes of determining the cap will be to use recorded end-of-year actuals....rather than RAM year projections..." Notably, the Hawaiian Electric Companies' recorded Depreciation and Amortization RAM Expenses have never relied upon any RAM year investment projections, where such a substitution of recorded actual input data would have any meaning. Only the Rate Base RAM Adjustment utilizes any projected data. This can be observed at template Schedule D1, where the amounts in column (e) are projections that are added to recorded prior year-end balances in column (d), to yield end-of-year Rate Base values to calculate the needed two-point average rate base that is carried forward to line 8 of Schedule D.

In contrast, the quantification of Depreciation and Amortization RAM Adjustment on Schedule E has always been based on prior year-end recorded amounts of depreciable and amortizable plant in service in column (b) of previous RAM filings. There is simply no projected plant data to be replaced with actual, recorded plant data to recalculate RAM year depreciation and amortization expense because no RAM year projections of plant in service were ever used in this process on Schedule E. If the underlined phrase "Depreciation and Amortization RAM Expense and" within paragraph 108 did not appear therein, the substitution of actual December 31, 2014 data for projected plant in service, depreciation and amortization, CIAC, and ADIT would properly align with the elements of last year's Rate Base RAM where projections were actually employed (see Hawaiian Electric Schedule D1, lines 1, 16 and 19).

It can be observed, in paragraph 98 (page 90) of the Order, that a different and more limited description of how the initial implementation of the RAM Cap should be determined. The paragraph 98 Order language does not invite any updating of the Depreciation and Amortization Expense RAM amounts that were determined in 2014:

> The commission directs the HECO Companies to apply the RAM Cap starting with the determination of the 2015 RAM Revenue Adjustments. For the initial implementation of the RAM Cap and until the next general rate case for each company, the starting basis for determining the RAM

> Cap will be the 2014 target revenues adjusted upward to include the actual recorded end-of-year statements of net plant in service, depreciation and amortization, CIAC, and ADIT as the end-of-year rate base for the calculation of the 2014 RAM Revenue Adjustment. [emphasis added].

Here, the referenced "upward adjustment" is properly directed to only the "end-of-year rate base" where projected amounts were previously employed within the Schedule D1 calculations used to determine 2014 target revenues in last year's iteration of RAM revenue adjustments. Notably, the utilization of "...actual recorded end-of-year statements of net plant in service, depreciation and amortization, CIAC and ADIT" is specified in paragraph 98 for use only in updating the "end-of-year rate base" and does not reference also increasing depreciation and amortization expense for RAM Cap purposes, as now suggested by the Hawaiian Electric Companies.

Finally, on this point, the Consumer Advocate notes that paragraph 110 (page 96) states, "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." Thus, the RAM Cap is intended to limit overall RAM increases to a result similar to general inflationary pressures upon the utilities. With respect to Depreciation and Amortization Expense, the Hawaiian Electric Companies' proposed updating of 2014 target revenues to incorporate 2015 estimated depreciation and amortization expense, based upon recorded December 2014 plant in service levels, then further escalating these updated expense amounts by GDPPI, is inconsistent with the stated scope of the RAM Cap. The resulting capped depreciation and amortization expense levels, under the Hawaiian Electric Companies' depreciation/amortization expense updating proposal, would exceed full recovery of depreciation and amortization expense that will be booked in 2015, because of the GDPPI multiplier, rendering the intended cap useless with respect to recoveries of depreciation and amortization expense in 2015.

In footnote 6 of the Hawaiian Electric Companies' transmittal Letters, certain alternative relief is requested "...if the Commission is not inclined to allow the Company to utilize the recorded 2014 end-of-year plant in service balance to calculate the adjusted 2014 Depreciation and Amortization RAM..." However, this suggested alternative relief would appear to simply bypass the stated purpose of the RAM Cap to limit annual growth in RAM revenue changes to the cumulative growth in GDPPI and should be rejected. The Consumer Advocate notes that paragraph 116 (page 98) of Order No. 32735 directs the Hawaiian Electric Companies and the Consumer Advocate to "develop standards and guidelines for eligibility of projects and determination of the amount of eligible cost recovery above the RAM Cap or outside of the RAM mechanism through REIP or other adjustment mechanism and present these to the Commission for approval." Granting the alternative relief proposed in footnote 6 of the Hawaiian Electric Companies' Letters would circumvent this process and would undermine the apparent intent of the RAM Cap.

2. Elimination of 90 Percent Factor.

The Hawaiian Electric Companies have eliminated the interim 90 percent limitation in annual growth of the Rate Base RAM, that was first implemented in Order No. 31908, within the calculations used to determine the 2014 basis for determination of the 2015 RAM Cap. The Hawaiian Electric Companies' Amended Tariff Transmittal

Letters state, "[p]ursuant to the Order (at pages 6 and 82), the 90% limitation on the RAM year Rate Base RAM adjustment shall no longer apply. Therefore, that limitation has been removed in the calculation of the 2014 adjusted Rate Base RAM." In the Hawaiian Electric Companies' amended transmittals, the 2014 Adjusted Target Revenues included within new Schedule J and supporting WP-J-001 and WP-J-002 are not reduced by the 90 percent factor that was applicable in 2014.[17]

The Consumer Advocate has found no support for Hawaiian Electric Companies' proposed claw-back of the 10 percent disallowance resulting from the 90 percent Rate Base RAM factor for purposes of calculating the RAM Cap. Order No. 32735 does not provide authority for restating the 90 percent factor that was applied in last year's approved RAM increases, as part of the calculation determining the 2014 Adjusted Target Revenue basis value to be used for prospective administration of the RAM Cap. The Consumer Advocate's understanding of Order No. 32735 is that the interim 90 percent limitation upon Rate Base RAM increases is to be eliminated prospectively, as that limitation is to now be replaced by the more global RAM Cap mechanism that is applicable prospectively. Adding back the disallowed 10 percent of last year's Rate Base RAM increase retroactively, prior to application of the new GDPPI RAM Cap, as proposed by the Hawaiian Electric Companies, would ensure that allowable 2015 RAM increases, when compared to 2014 RAM levels, would exceed the intended GDPPI Cap percentage.

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[17] In response to CA-IR-3, the Hawaiian Electric Companies agreed that the reference at Schedule A1 to "RAM REVENUE ADJUSTMENT DETERMINED ACCORDING TO EXISTING TARIFFS AND PROCEDURES" applies to the immediately preceding O&M RAM, Rate Base RAM and Depreciation & Amortization RAM with the exception of the removal of the 90% limitation on the incremental Rate Base RAM – Return on Investment.

The Hawaiian Electric Companies have provided no specific citation into Order No. 32735 as authority for reversal of the 90 percent factor impact as part of the basis determination used in quantifying the RAM Cap. From its own search, the Consumer Advocate has found no indication within Order No. 32735 that the basis for the new RAM Cap is to first be revised upward to remove the prior year's 10 percent disallowance of Rate Base RAM increases. Introduction item 3 in the Order (page 6) states, "The 90% adjustment shall be removed in favor of the GDPPI cap." However, this summary statement provides no clear indication that this removal is contemplated before the 2014 basis values for RAM Cap purposes are calculated. The only other Order language referenced by the Hawaiian Electric Companies appears at paragraph 79 (page 82), but is only slightly more specific, stating, "The amendments to the RAM implemented by this Order replace and terminate the previous interim limitations on RAM year Rate Base RAM Adjustments required pursuant to Order No. 31908." It is understood that the new RAM Cap is a replacement interim revision to the RAM, but it seems unlikely that "termination" of the 90 percent Rate Base RAM factor was intended to retroactively increase the Hawaiian Electric Companies' 2014 target revenues in defining the new RAM Cap "basis" in the absence of any specific instruction in the Order supporting this outcome.

The Consumer Advocate's concern is heightened by two other Order provisions. First, as a general statement, paragraph 100 (Page 96) states, "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." This language appears to suggest that the Commission's intent is that RAM increases in any year, starting in 2015, should not exceed GDPPI growth rates, except for any specifically prescribed adjustments to the 2014 RAM Revenue Adjustment "Basis" used to administer the Cap.

The other cause for concern appears where the RAM Cap basis is specified in significant detail within the Order. Notably, a claw-back of the 10 percent disallowance resulting from the Rate Base 90 percent factor is not expressly permitted within the specified adjustments to 2014 target revenues set forth in Order paragraph 108. The permitted adjustment is limited to adjusting 2014 RAM calculations to substitute actual data in place of certain projected amounts in determining the 2014 Rate Base RAM. Paragraph 108 states:

> For each of the HECO Companies, for the calculation of the RAM Cap for the 2015 RAM Revenue Adjustment and until issuance of a final decision and order in the next rate case for each Company, the target revenues that will serve as the Basis for the incremented cap will be the 2014 annualized target revenues adjusted as follows. The 2014 RAM Revenue Adjustment used to determine the adjusted 2014 target revenues for purposes of determining the cap will be adjusted to use recorded 2014 end-of-year actuals (plant in service, depreciation and amortization, CIAC, and ADIT) rather than 2014 RAM year projections in determination of the 2014 Depreciation and Amortization RAM Expense and average rate base in the 2014 Rate Base RAM. [footnote 150]. This provision will include in the determination of the average 2014 effective rate base used in determining the RAM Cap for the 2015 RAM Revenue Adjustment, the actual end-of-year net plant in service, including all baseline projects installed in 2014, rather than the five year moving average of baseline project expenditures used in the determination of the 2014 Rate Base RAM. The adjusted 2014 target revenues will be incremented by the GDPPI index to determine the RAM Cap as provided above.

Additional detail is provided in footnote 150, which addresses the "effective rate base for the adjusted 2014 Rate Base RAM calculations in determining the adjusted 2014 target revenues for purposes of calculating the initial RAM Cap..." but this language also does not specify any intent to add back the prior year 90% adjustment for these purposes.

For the reasons stated here, the Consumer Advocate's RBA rate calculations within Attachments 1, 2 and 3 have removed the 90 percent Rate Base RAM factor only prospectively, so as to include only Commission-prescribed adjustments to the approved 2014 RAM in determining the basis for the RAM Cap.

3. PUC-IR-1 Clearing Account Issue.

In responding to the Commission's PUC-IR-1, the Hawaiian Electric Companies identified changes that were made in the accounting methodology being used to distribute charges accumulated within the Hawaiian Electric Companies' Energy Distribution ("ED") and Power Supply ("PS") clearing accounts. These clearing accounts are used to temporarily accumulate certain administrative, supervisory and clerical costs for activities within the Companies that support O&M expensed activities, capitalized, construction-supportive activities or billing work for other entities/parties. The costs accumulated in ED and PS clearing accounts were historically distributed between capital, expense and billable accounts on the Hawaiian Electric Companies' books based upon the distribution of total internal labor hours for ED and PS personnel among capital, expensed and billable account categories. However, in early 2014, the Hawaiian Electric Companies changed this distribution methodology to use total incurred project costs (i.e., dollar charges including contract labor) in place of internal labor hours, as more fully described in the Hawaiian Electric Companies' response to PUC-IR-1. The effect of this change was to prospectively distribute more ED and PS clearing account dollars to capital and billable accounts, while reducing the costs charged from these clearing accounts into O&M expenses.

If the Hawaiian Electric Companies' rates were being determined through traditional rate cases, there would be an opportunity for the Commission to fully consider the ED and PS clearing account impacts within a rate case, where both the favorable effect of the expense reductions and the unfavorable effect upon rate base could be captured. However, the existing RAM mechanism provides disparate treatment of changes in recorded costs. The O&M RAM continues to escalate labor and non-labor expenses based upon prior rate case levels, without regard to changes in the underlying actual expense levels. Thus, any expense reductions resulting from the changed clearing procedures for ED and PS costs will benefit only shareholders until a next rate case provides an opportunity to capture such O&M savings for the benefit of ratepayers, or until overall expense reductions contribute to an Earnings Sharing credit to ratepayers through the RAM. On the other hand, the higher capitalized ED and PS costs that were added into 2014 recorded Plant in Service additions will translate directly into higher calculated Rate Base RAM increases. Additionally, because of the provisions within Order No. 32735 that substitute recorded actual December 31, 2014 Net Plant in Service, Contributions in Aid of Construction ("CIAC") and Accumulated Deferred Income Taxes ("ADIT") in determination of the RAM Cap basis, the RAM Cap returns a higher permitted revenue increase than would occur under the prior ED and PS clearing procedures.

The Consumer Advocate recommends adjustments to the Rate Base RAM on Schedule D1 and the Rate Base RAM Cap to reverse the effects of the ED and PS clearing account distribution changes on both rate base and related depreciation expense, while allowing the Hawaiian Electric Companies to retain the recorded reductions to O&M expense. This will ensure continued comparability of accounting clearing methods in application of the Rate Base RAM and the RAM Cap, until a next rate case provides an opportunity for comprehensive updating for both the expense and rate base impacts of the changed methodology. The 2014 actual recorded inputs used to replace projected values in accordance with Order No. 32735 have been modified to reverse the effects of the ED and PS clearing change within Attachments 1, 2 and 3 to the Consumer Advocate's Statement of Position.[18] This option would be the most complex choice since it would require accounting for all aspects of rate base (e.g., adjusting plant in service, accumulated depreciation, accumulated deferred income taxes, etc.) as well as tracking it for each annual decoupling filing until the next rate proceeding.

Recognizing this is an issue of first impression for Commission resolution, two other options could be considered to address the ED and PS accounting method changes. If the Commission found it appropriate to adopt and more completely account for the impact of clearing account distribution method changes, it could decide to <u>not</u> make the Rate Base RAM and CAM Cap adjustments that are reflected within Attachments 1, 2 and 3 and instead make large downward adjustments to each utility's O&M expenses for the estimated annual impact of the accounting change.

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[18] The amounts used for the reversal adjustment were provided by the Hawaiian Electric Companies in response to CA-IR-1, Attachment 4.

The 2014 O&M adjustments under this approach, based upon Hawaiian Electric Companies' response to CA-IR-1, Attachment would be $(8.3) million, $(0.5) million and $(1.2) million for Hawaiian Electric, Hawaii Electric Light and Maui Electric, respectively.[19] This approach would treat the clearing account changes as a type of exogenous adjustment, even though the existing RAM tariff does not contain language to permit such an adjustment. This approach would be relatively straight-forward and not require additional and/or complex adjustments relating to rate base. A second alternative would be to reverse the Rate Base impact of the ED and PS clearing account change only in determining and applying the RAM Cap. This more moderate approach would be less complex and allow the Rate Base RAM impact of the change to be calculated and recovered, while the Hawaiian Electric Companies continue to retain the O&M savings, but would limit overall RAM recoveries to a lower RAM Cap value for each utility that was based upon elimination of the Rate Base impact of the ED and PS distribution changes.

4. Forecasted Versus Actual GDPPI.

The Hawaiian Electric Companies have employed, at new Schedule J, line 2, an estimated 2015 GDPPI growth rate percentage value, relying upon a consensus GDPPI estimate published by Blue Chip Economic Indicators. This approach has been used since the inception of the RAM tariff, for application as the Non-labor Cost Escalation Rate that is specified in the "Definitions" section of the present and Company-proposed RAM tariff (see Hawaiian Electric Revised Sheet No. 93A). The applicable estimate can

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[19] *See* the Hawaiian Electric Companies' response to CA-IR-1, Attachment 1.

be observed within WP-C-002, which is a copy of the February 10, 2015 Blue Chip Economic Indicators publication. For 2015 RAM Cap purposes, the Hawaiian Electric Companies' template Schedule J indicates application of the 1.10 percent GDP Price Index estimated growth rate for calendar year 2015 to the Hawaiian Electric Companies' Adjusted 2014 Target Revenues. There is no mention of any consideration given to use of alternative GDPPI values within the Hawaiian Electric Companies' transmittal Letters

Order No. 32735 repeatedly references "GDPPI," but does not specify any particular source for the GDPPI data to be used in administration of the RAM Cap. At paragraph 70 (page 76), the Order quotes from the Consumer Advocate's response to PUC-IR-4(e) regarding GDPPI. At paragraph 87 (page 85) the Order observes that, "[t]he practical effect of utilizing the option (c) approach may be very similar to the RAM results achieved through application of the GDPPI based revenue cap proposed in the Consumer Advocate's Initial SOP and Reply SOP submissions in this docket. At the present time, non-labor O&M expenses that are not recoverable or tracked through another tracking mechanism (e.g., fuel, purchased power, pension, OPEBs) are already escalated using a GDPPI factor. This same GDPPI factor could be used to ensure that Rate Base RAM; and Depreciation & Amortization RAM increases do not exceed general inflation levels." More discussion appears at paragraph 96 (page 90) of the Order:

> 96. The commission concludes that the GDPPI is an appropriate index to use in the determination of the RAM Cap. The commission's intent is to use the index as a measure of general inflation. As noted above, the commission concurs with the arguments presented by the Consumer Advocate in support of the GDPPI as an appropriate and preferred index in its response to PUC-IR-4(e). The commission prefers an indicator that is available in the public domain, such as the GDPPI. The commission further observes that the GDPPI is already used as the index for non-labor expenses in the O&M RAM.

The Consumer Advocate's response to PUC-IR-4(e) included reference to a U.S. Bureau of Economic Analysis ("BEA") publication that defines GDPPI, along with the arguments supporting use of GDPPI, rather than other indices in its proposed Performance Based Ratemaking recommendation. In the Consumer Advocate's Schedule B Initial Statement of Position in this Docket, filed on May 20, 2014, the first of several "specific elements of a modified RAM" was stated at page 58 as follows:

> 1. Replacement of the O&M RAM, Rate Base RAM-Return on Investment, Depreciation & Amortization RAM expense calculations, essentially the entire RAM Adjustment, with a single target revenue cap escalated each year based upon the change in actual GDPPI, as reported by the U. S. Department of Commerce, Bureau of Economic Analysis ("BEA"), <u>for the prior calendar year</u>. [emphasis added].

The Consumer Advocate's proposed use of reported historical year data for GDPPI was intended to reduce the dependence upon third party publications and estimates, instead relying upon Federal government-reported actual GDPPI data. It is not clear from Order No. 32735 whether the GDPPI input value, for purposes of the RAM Cap, is intended to be based upon prior year reported changes in GDPPI from BEA sources, as previously proposed by the Consumer Advocate, or continued reliance upon the Blue Chip consensus estimates of expected future GDPPI change, as employed in the currently effective RAM mechanism.

As noted above, the Blue Chip source supports an estimated change in GDPPI for 2015 of 1.10 percent, which has been employed throughout the Hawaiian Electric Companies' amended tariff transmittals. If the BEA published change in GDPPI were used, the inflation experienced for the prior year 2014 would return a value of 1.24 percent, using Quarter IV 2014 compared to Quarter IV 2013 reported GDPPI values of 108.681 and 107.347, respectively.[20] Given the Hawaiian Electric Companies' utilization of the Blue Chip forecasted GDPPI value, which is the same source used historically for RAM O&M escalation, and the absence of language within Order No. 32735 specifying use of any different source, the Consumer Advocate has not revised the GDPPI value used within Attachments 1, 2 and 3 that continue to utilize the 1.1 percent value from the Blue Chip source that has been used historically. The following table summarizes the impact of applying the 1.24% GDPPI rate instead of the forecast 1.10% GDPPI rate, based on the Hawaiian Electric Companies' April 15, 2015 update filings without any other adjustments proposed by the Consumer Advocate:

2014 RAM Cap	1.10% GDPPI	1.24% GDPPI	Difference
Hawaiian Electric	$89,586,893	$90,484,076	$897,183
Hawaii Electric Light	$8,061,345	$8,281,772	$220,427
Maui Electric	$12,038,559	$12,240,057	$201,498

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[20] Available at: http://www.bea.gov/iTable/print.cfm?fid=FA49FBB1A8E6B3ECF99ED341C7C23701C70885926E4605BD959B75D3612269902000BE1FCFC4F3656BE75D4947C97A35334EA881B5A756E1BC93C27351951B9D.

C. GWH SALES FORECASTS - RBA RATE DETERMINATION.

The Hawaiian Electric Companies' Amended Tariff Transmittals include, at Schedule A, line 8, a gigawatthour ("GWH") sales volume estimates for the period June 2015 through May 2016 that serve as the billing determinant used to determine the needed cents per kWh RBA Rate Adjustment value for each utility. The forecasts used in the decoupling transmittals, as shown in the Hawaiian Electric Companies' WP-A-001 were developed in the middle of 2014 to support various planning efforts and have since been updated, as more fully described in the Hawaiian Electric Companies' response to CA-IR-15. The updated forecasts for each of the Hawaiian Electric Companies, which reflect an updated forecast of distributed generation ("DG") installations, have been employed in the Consumer Advocate's Attachments 1, 2 and 3, using the data provided by the Companies in response to CA-IR-15. That response states, "At the next opportunity, the Companies plan to incorporate the updated December 2014 sales forecasts to calculate their revised RBA Rate Adjustments..." Thus, the Consumer Advocate believes these Schedule A modifications are supported by the Hawaiian Electric Companies.

D. BONUS TAX DEPRECIATION EXTENSION LEGISLATION.

An important element of RAM Rate Base is the determination of Accumulated Deferred Income Taxes ("ADIT") at line 19 of Schedule D1, which amounts are developed in two parts. First, Adjusted Recorded amounts of ADIT are summarized with certain adjustments on Schedule D4, while additional finely detailed workpapers supporting these input amounts appear in HECO-WP-D4-001 through 004. These amounts as of December 31, 2014 make up the front "half" of the two-point average used to quantify Rate Base RAM on Schedule.

The back "half" of the average ADIT balance included in Rate Base RAM is developed in Schedule F1 and Schedule F2, where projected tax depreciation on Baseline Plant Additions and on Major Capital Projects, respectively, is estimated and then translated into ADIT amounts (on Schedule F) to project the change in ADIT balances that can be expected to occur throughout the RAM year.

In last year's tariff transmittals submitted by the Hawaiian Electric Companies, a major change in tax law was reflected within the Hawaiian Electric Companies' projected tax depreciation amounts on Schedule F1 because of the scheduled expiration of so-called "bonus" tax depreciation after 2013 under current tax laws at that time. When projecting the growth in ADIT balances expected to occur during 2014 arising from tax depreciation, the Hawaiian Electric Companies assumed that no 50% bonus depreciation would be deductible on Vintage 2014 baseline plant additions. In its Statement of Position last year, the Consumer Advocate expressed its concern that federal tax legislation later that year may serve to retroactively reinstate bonus depreciation for all of the 2014 tax year. That Statement of Position recommended that, if 50% bonus depreciation is ultimately approved in legislation for the 2014 tax year, the Company's target revenues as of June 1, 2014 should be reduced by an amount shown as the "Impact to RB RAM – Return on Investment" within calculations that were attached to the Hawaiian Electric Companies' responses to a CA-submitted information requests.[21]

The Hawaiian Electric Companies responded to the Consumer Advocate's stated concern in documents filed on May 14, 2014, in the decoupling transmittal proceedings last year within Attachment 1, stating:

> The Company understands the Consumer Advocate's reasoning for viewing the recurring enactment of bonus depreciation as not within the definition of an exogenous tax change since the tariff does not specifically define an "exogenous tax change." Consequently, in this case, the Company will agree with the Consumer Advocate's position that the enactment of the 2014 bonus tax depreciation would not be viewed as an "exogenous tax change," and in the future, the Company is willing to discuss with the Consumer Advocate what should be a reasonable definition under the tariff.
>
> In this light, the Company agrees that if a bonus tax depreciation provision is enacted in 2014, the benefit derived by such provision should accrue to the customer by way of an adjustment to target revenues. The methodology and impact of the benefit to the rate base RAM should be addressed at the time of enactment in order that the parties can apply the law, when and if revised, to all the relevant facts at that time.

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[21] Quantification of the Rate Base RAM impact of 50% Bonus Depreciation was provided in Hawaiian Electric's response to CA-IR-2, Attachment 2 at $1.674 million, in Hawaii Electric Light's response to CA-IR-4, Attachment 2 at $0.431 million and in Maui Electric's response to CA-IR-3, Attachment 2 at $0.295 million.

With this response in mind, it is reasonable to expect that some adjustment to the overstatement of last year's target revenues is now appropriate, because Bonus tax depreciation was retroactively approved for the 2014 tax year within the Tax Increase Prevention Act of 2014 that was signed into law by President Obama on December 19, 2014. However, the Hawaiian Electric Companies' have proposed no such adjustments.

The fact that the reinstatement of bonus depreciation occurred near the end of 2014 suggests that any cash flow benefits the Hawaiian Electric Companies may experience were delayed until year-end. Indeed, the Companies did not record the effects of 2014 bonus depreciation with ADIT balances until December 2014 books were closed. Then, again in preparing the 2015 tax depreciation estimates used to calculate this year's Rate Base RAM, bonus depreciation has expired and the projected year-end 2015 ADIT balances in the Hawaiian Electric Companies' filed Schedule F1 assume no bonus depreciation deductions. Under these circumstances, the Consumer Advocate has two recommendations that should both be implemented outside of the RBA rate determination in the instant tariff transmittals:

- For the 2015 RAM year, if bonus depreciation is again reinstated by tax legislation that has yet to occur, any benefit derived by such provision should accrue to the customer by way of an adjustment to target revenues, as agreed upon with the Hawaiian Electric Companies in last year's decoupling review, recognizing the impact of the newly implemented RAM Cap within the current calculations.

- For the 2014 RAM year, where target revenues were overstated by the amounts quantified by the Hawaiian Electric Companies in response to Consumer Advocate information requests, the portion of such overstated target revenues recoverable after December 2014, when bonus tax depreciation legislation was implemented, should be subtracted from accrued RBA revenues. This recommendation would credit ratepayers with 5/12 of the annual impact for the months of January through May of 2015, resulting in the following reductions to RBA balances:
    - Hawaiian Electric: 5/12 of $1,673,734 or $697,389
    - Hawaii Electric Light: 5/12 of $431,234 or $179,680
    - Maui Electric: 5/12 of $295,057 or $122,940

With these changes, ratepayers are assured equitable participation in the tax law changes that occurred late in 2014 and some protection if similar changes occur again in 2015.

E. RAM TARIFF MODIFICATIONS.

Order No. 32735 required submission of "proposed tariff changes consistent with the provisions of this Order for review by the Commission."[22] The Hawaiian Electric Companies have included proposed revisions to the RAM tariff for each utility within Attachments 1 and 1A to the Amended Tariff Transmittals. The Consumer Advocate responds as follows regarding each of the substantive tariff edits[23] that are set forth in tracked change format within Attachment 1A submitted for each of the Hawaiian Electric Companies:

Definition n): The Consumer Advocate concurs in the proposed new language added to indicate "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."

Definition o): The Consumer Advocate concurs in the proposed insertion of the word "Calculation" in this definition, to distinguish between the normally calculated RAM Revenue Adjustment and the new RAM Cap.

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[22] Order No. 32735, page 113, Ordering paragraph 4.

[23] Minor proposed edits to conform internal numbering of paragraphs for inserts/deletions or to correct minor inconsistencies among the Hawaiian Electric Companies are not addressed and have raised no concerns, based upon the Consumer Advocate's review at this time.

Definition p): Consumer Advocate would reword this new definition to state, "The RAM Revenue Adjustment CAP shall be $____ for the 2015 RAM Period, escalated in each subsequent year by the annual percentage growth in GDPPI, which is also employed as the Non-labor Cost Escalation Rate."[24]

Part 2 Heading: The Consumer Advocate concurs in the proposed insertion of the work "Calculation" in the heading and introductory paragraph for Part 2 of the RAM tariff.

Part 2(c): The Consumer Advocate concurs in the proposed deletion of the existing tariff language providing for the 90% recovery of growth in the Rate Base RAM, which provision is terminated prospectively in Order No. 32735.

RAM REVENUE ADJUSTMENT CAP: The Consumer Advocate recommends elimination of this entire page of new language, in favor of simply stating, "The RAM Revenue Adjustment for each RAM Period shall not exceed the lesser of the RAM Cap amount set forth in Definition p or the RAM Revenue Adjustment Calculation described herein."

PROVISION FOR RECOVERY OF MAJOR PROJECTS AND CONSOLIDATED BASELINE PROJECT: The Consumer Advocate recommends elimination of the entirety of this proposed new language because it is not necessary for the administration of the existing RAM mechanism, as modified by Order No. 32735. Paragraph 95 (page 89) of the Order provides that the Companies "may apply to the

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[24] The amount inserted in the blank for each utility would be determined in the pending transmittal filing Commission Order and held constant until a next rate case is completed to support an updated RAM Cap amount. In the event the Commission concludes that actual, historical changes in GDPPI are to be employed within the RAM Cap, the alternative last phrase should be modified to read, "...as reported by the U.S. Department of Commerce, Bureau of Economic Analysis for the most recent available year over year comparable periods."

commission for recovery of necessary and reasonable revenue requirements for any type of Major Project…to be implemented through the RAM, REIP, or other mechanism if found to be reasonable and prudent." However, no application has been made and no approval has been granted for such recovery, through the RAM or any other mechanism. Therefore, the RAM tariff should be modified at this time assuming such approvals will be granted through the RAM. Paragraph 116 (Page 98) requires the Companies and the Consumer Advocate to "develop standards and guidelines for eligibility of projects and determination of the amount of eligible cost recovery above the RAM Cap or outside of the RAM mechanism…" Until this process has been completed and the Commission has approved further modifications to the RAM, the RAM tariff should not be modified.

III. CONCLUSIONS AND RECOMMENDATIONS.

For the reasons set forth herein, the Consumer Advocate recommends that the calculated adjustment to revenues proposed by the Hawaiian Electric Companies in its Transmittal Nos. 15-03, 15-04 and 15-05 should be modified as set forth in Attachments 1, 2 and 3 to this Statement of Position. Further, the Hawaiian Electric Companies should cease the detailed analysis of routine customer billing adjustments and the addition of RBA interest on such adjustments. In addition, the Hawaiian Electric Companies recorded RBA revenues in 2015 should be reduced in the amounts stated herein to account for federal income tax legislation that was enacted in December of 2014 to retroactively extend 50% bonus depreciation provisions for application to 2014 vintage additions to qualifying investment. Further, the Hawaiian Electric Companies proposed modifications to the RAM tariff should be rejected, in favor of the changes discussed in the Consumer Advocate's Statement of Position. Finally, in the event the Commission determines that the appropriate GDPPI value for RAM Cap definition should be recorded historical values, the RBA rates calculated in Attachments 1, 2 and 3 should be revised as stated herein.

DATED: Honolulu, Hawaii, May 15, 2015.

Respectfully submitted,

By ________________________
JEFFREY T. ONO
Executive Director

DIVISION OF CONSUMER ADVOCACY

Attachment 1

Transmittal Nos. 15-03, 15-04, 15-05 (Decoupling)

DIVISION OF CONSUMER ADVOCACY'S
STATEMENT OF POSITION

Attachment 1 contains only those pages of the Hawaiian Electric Company's Decoupling Workbook Update filed April 15, 2015, that have been modified by the Consumer Advocate or other key pages necessary to the presentation of the Consumer Advocate's overall recommendations.

All pages of the Decoupling Template can be viewed in electronic form in the spreadsheet provided as Consumer Advocate Workpapers.

Filed: May 15, 2015

HAWAIIAN ELECTRIC COMPANY, INC.
2015 DECOUPLING CALCULATION WORKBOOK
Consumer Advocate Proposed Revisions

Line No.	Tab	Cell(s)	Description	CA Values	MECO / Alternate Values	Difference	
1							
2	A1 RAM Allowed	G23	Revise formula to automatically sellect the lower of the Adjusted RAM Cap or the adjusted RAM revenue adjustment amount	n/a	n/a		
3							
4							
5			Depreciation RAM (GDPPI):				
6	WP-J-001	F15 & F28	Limit the 2014 Adjusted Depreciation RAM for RAM Cap escalation purposes to 2014 actual expense rather than 2015 expense as proposed by HECO. Source: HECO Companies response to CA-IR-4, revised Schedule E spreadsheet.	$ 22,199,022	$ 31,142,599	$ (8,943,577)	
7			1>>>	1			<Switch. If cell I15=1, then 2014 depreciation used to calculate 2014 Adjusted RAM Cap
8							
9			Rate Base RAM:				
10	WP-J-001	F14 & H37 A33..H40	Retain the 90% limitation factor on the incremental Rate Base RAM return on investment for purposes of determining the 2014 Adjusted RAM subject to GDPPI escalation; HECO proposes to remove the limitation factor for such purpose.	90%	100%		
11			2>>>	2			<Switch. If cell I19=2, then 90% limitation factor used to calculate 2014 Adjusted RAM Cap
12							
13			Rate Base & Depreciation RAM (GDPPI & Base):				
14			Exclude from rate base and depreciation expense the energy delivery and power supply clearing allocation shift implemented in 2014, while allowing the HECO Companies' to retain the benefit of the O&M reduction. Source: HECO Companies response to CA-IR-1, Attachment 4.				
15	WP-J-001	F15 & H30 A26..H30	Depreciation Expense & CIAC Amort.	$ -	$ -	$ -	<<placeholder for post-2015 RBA RAM filings
16	Schedule D1 &	M82	Plant In Service	$ (6,585,938)	$ -	$ (6,585,938)	
17		N82	Accumulated Depreciation	$ 1,011,677	$ -	$ 1,011,677	
18		O82	CIAC	$ 746,639	$ -	$ 746,639	
19		Q82	ADIT Reserves	$ 2,248,453	$ -	$ 2,248,453	
20	WP-J-002 (1) Sch D1 RI	E111..Q114	Rate Base 12/31/2014	$ (2,579,169)	$ -	$ (2,579,169)	
21			3 or 30 >>>	3			<Switch. If cell I30=3, ED/PS removed from calculation of 2014 Adjusted RB RAM & RAM Cap.
22							<Switch. If cell I30=30, only remove ED/PS from Rate Base to calculate 2014 Adjusted RAM Cap.
23			Update Forecast kWh Sales Levels:				
24	Schedule A	I35	Update to the kWh sales forecast per the response to CA-IR-15.				
25			GWH Sales	6,810.6	6,892.8		
26			4>>>	4			<Switch. If cell I35=4, then update GWH sales consistent with the response to CA-IR-15.
27							
28			Historic GDPPI:				
29	Schedule J	K13	Apply historic rather than forecast GDPPI change for RAM Cap escalation.				
30			GDPPI	0.0124	0.011		
31			5>>>				<Switch. If cell I40=5, then historic GDPPI change for RAM Cap escalation.

Note: The cells containing CA revisions are noted on the referenced "Tab" with yellow highlights.

Attachment 1
CA Revisions

HAWAIIAN ELECTRIC COMPANY, INC.
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF 2015 REVENUE BALANCING ACCOUNT RATE ADJUSTMENT

Line No.	Description (a)	Reference (b)	Amount (c)	Rate Amount (d)
	RECONCILIATION OF RBA BALANCE:			
1	RBA Prior calendar year-end balance	Schedule B	$ 57,804,048	
2	Revenue Tax Factor	Schedule C	1.0975	
3	Revenue for RBA Balance			$ 63,439,943
	RATE ADJUSTMENT MECHANISM "RAM" AMOUNT:			
4	Total RAM Revenue Adjustment Allowed (Note 2)	Schedule A1		$ 78,477,011
5	EARNINGS SHARING REVENUE CREDITS - 2014 ROE:	Schedule H		$ -
6	PUC-ORDERED MAJOR OR BASELINE CAPITAL PROJECTS CREDITS:	Schedule I		$ -
7	TOTAL RBA REVENUE ADJUSTMENT - Revised	Sum Col. (d)		$ 141,916,954
8	GWH SALES VOLUME ESTIMATE JUNE 2015 - MAY 2016 (see HECO-WP-A-001)			6,810.600
9	RBA RATE ADJUSTMENT - cents per kWh - Revised	Note (1)		**2.0838**
10	MONTHLY BILL IMPACT @ 600 KWH - Revised			**$ 12.50**

Note (1): 2015 RBA Rate Adjustment Breakdown

	Col. (d)	Rate Adjustment cents per kWh	Percentage Share
RBA Balance	$ 63,439,943	0.93148831	44.7022%
RAM Amount	$ 78,477,011	1.15227750	55.2978%
Earnings Sharing Revenue Credits	$ -	0.00000000	0.0000%
Major or Baseline Capital Projects Credits	$ -	0.00000000	0.0000%
	$ 141,916,954	2.08376580	100.0000%

Note (2): Total RAM Revenue Adjustment Allowed is the sum of the RAM Cap + Exceptional and Other Projects. See Decision and 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.

Attachment 1

SCHEDULE A1
(NEW 4-15-15)

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

Line No.	Description (a)	Reference	
	RAM REVENUE ADJUSTMENT DETERMINED ACCORDING TO EXISTING TARIFFS AND PROCEDURES		
1	O&M RAM	3/31/15 Decoupling Filing, Sch A	$ 14,746,949
2	Rate Base RAM - Return on Investment (Note 2)	3/31/15 Decoupling Filing, Sch A - Note 2	$ 48,895,491
3	Depreciation & Amortization RAM Expense (Note 4)	3/31/15 Decoupling Filing, Sch A	$ 31,142,599
4	Total Adjusted RAM Revenue Adjustment		**$ 94,785,040**
	RAM REVENUE ADJUSTMENT CAP		
5	RAM Cap for 2015 RAM Revenue Adjustment	Schedule J	$ 74,677,754
6	Plus: Exceptional and Other Matters	Schedule K	$ 3,799,257
7	2015 Cap - Total Adjusted RAM Revenue Adjustment (Note 3)		**$ 78,477,011**
8	**Total RAM Revenue Adjustment Allowed** (Note 1)	Lesser of Line 4 or Line 7	**$ 78,477,011** To Sch A, line 4

Note 1 RAM Revenue Adjustment Allowed:
See Decision and Order No. 32735, filed March 31, 2015, paragraph106, 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 See Decision and Order No. 32735, filed March 31, 2015, paragraph 79, page 82:
"The amendments to the RAM implemented by this Order replace and terminate the previous interim limitations on RAM year Rate Base RAM adjustments required pursuant to Order No. 31908,"
and paragraph 3, page 6:
"The 90% adjustment shall be removed in favor of the GDPPI cap."
Therefore, the 10% reduction pursuant to Order No. 31908 has been eliminated from the calculation of 2014's Rate Base RAM- Return on Investment.

Note 3 Total RAM Cap:
See Decision and 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."

Attachment 1

SCHEDULE D
PAGE 1 OF 1

HAWAIIAN ELECTRIC COMPANY, INC.
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF RATE BASE RAM ADJUSTMENT - RETURN ON INVESTMENT

Line No.	Description (a)	AMOUNTS IN THOUSANDS (b)	PERCENT OF TOTAL (c)	COST RATE (d)	POST TAX WEIGHTED EARNINGS REQMTS (e)	INCOME TAX FACTOR Note (1) (f)	PRETAX WEIGHTED EARNINGS REQMTS (g)
1	PUC APPROVED CAPITAL STRUCTURE & COSTS (Note (2)):						
2	Short-Term Debt	$ 38,210	2.35%	1.75%	0.04%	1.000000	0.04%
3	Long-Term Debt	624,620	38.36%	5.86%	2.25%	1.000000	2.25%
4	Hybrid Securities	27,994	1.72%	7.36%	0.13%	1.000000	0.13%
5	Preferred Stock	20,806	1.28%	5.46%	0.07%	1.63693	0.11%
6	Common Equity	916,533	56.29%	10.00%	5.63%	1.63693	9.21%
7	Total Capitalization	$ 1,628,163	100.00%		8.11%		**11.74%**
8	RAM CHANGE IN RATE BASE $000 (From Schedule D1)						**$ 379,486**
9	PRETAX RATE OF RETURN (Line 7, Col g)						11.74%
10	PRETAX RETURN REQUIREMENT						$ 44,551.7
11	REVENUE TAX FACTOR (1/(1-8.885%))						1.0975
12	RATE BASE RAM - RETURN ON INVESTMENT $000						**$ 48,895.5**

Footnotes:

1 Composite Federal & State Income Tax Rate 38.91% See HECO-WP-F-001
Income Tax Factor (1 / 1-tax rate) 1.636929121

2 See Decision and Order No. 30505, Page 127, filed June 29, 2012, in which the commission accepted the proposed capital structure set forth in the Parties' Stipulated Settlement Letter, filed July 5, 2011, in Docket No. 2010-0080, Exhibit 1, Page 125 of 132.

HAWAIIAN ELECTRIC COMPANY, INC.
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF RATE BASE RAM ADJUSTMENT - CHANGE IN RATE BASE
$ in thousands

Line No.	Description	HECO 2011 Test Year Rate Base (Note 2)		HECO 2015 RAM Rate Base			
		Beg. Balance 12/31/2010	Budgeted Balance 12/31/2011	Adjusted Recorded at 12/31/2014	RAM Projected Amounts	Estimated at 12/31/2015	
	(a)	(b)	(c)	(d)	(e)	(f)	
				Note (1)	See Detail Below		
1	Net Cost of Plant in Service	$ 1,608,932	$ 1,710,082	$ 2,280,788	$ 73,000	$ 2,353,788	
2	Property Held for Future Use	4,090	4,090	0	0	0	Note (3)
3	Fuel Inventory	93,229	93,229		These Elements of Rate Base are Not Updated for RAM Purposes		
4	Materials & Supplies Inventories	18,229	18,229				
5	Unamort Net SFAS 109 Reg Asset	62,723	64,246				
6	Unamort EOTP Reg Asset	523	2,136				
7	CIP CT-1 Reg Asset			4,215	(954)	3,261	HECO-WP-D1-001A, Page 1
8	CIS Def Cost			12,705	(1,220)	11,486	HECO-WP-D1-001B, Page 1
9							
10							
11							
12	Unamort Sys Dev Costs	9,253	8,297		These Elements of Rate Base are Not Updated for RAM Purposes		
13	RO Pipeline Reg Asset	5,587	5,473				
14	Contrib in Excess of NPPC	-	19,411				
15	Total Additions	$ 1,802,566	$ 1,925,193	$ 2,497,990	$ 70,826	$ 2,568,816	
16	Unamortized CIAC	$ (189,314)	$ (206,279)	$ (282,993)	$ (22,873)	$ (305,866)	
17	Customer Advances	(1,879)	(1,855)		Not Updated		
18	Customer Deposits	(10,245)	(13,554)				
19	Accumulated Def Income Taxes	(213,833)	(271,014)	(434,359)	(2,937)	(437,296)	
20	Unamortized State ITC (Gross)	(32,171)	(35,088)		Not Updated		
21	Unamortized Gain on Sale	(800)	(516)				
22	Pension Reg Liability	(3,996)	(2,522)				
23	OPEB Reg Liability	(6,376)	(8,749)				
24	Total Deductions	$ (458,614)	$ (539,577)	$ (776,228)	$ (25,810)	$ (802,038)	
25	Working Cash	21,047	21,047	21,047	Not Updated	21,047	
26	Rate Base at Proposed Rates	$ 1,364,999	$ 1,406,663	$ 1,742,809		$ 1,787,825	
27	Average Rate Base		$ 1,385,831			$ 1,765,317	
28	Change in Rate Base					$ 379,486	

Line No.	Description	Reference	Amount $000
29	Column (e) Projected Changes to Rate Base:		
30	Plant - Baseline Capital Project Additions	Schedule D2	194,492
31	Major Project Additions	Schedule D3	1,029
32	Accumulated Depreciation/Amortization Change	Schedule E	(122,522)
33	Net Plant	Sum: Lines 30-32	73,000
34	Accum. Deferred Income Taxes - Baseline and Major Capital Projects	Schedule F	(2,937)
35	Projected CIAC Additions - Baseline	Schedule G	(25,797)
36	Projected CIAC Additions - Major CIP	Schedule G2	(3,847)
37	Less: Amortization of CIAC	Schedule G	6,771
38	Total Change in CIAC in Rate Base	Sum: Lines 35-37	(22,873)

Footnotes:

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

		Plant in Service	Acc. Depr.	CIAC Net	ADIT
					Schedule D4
[A]	Unadjusted Balance	$ 3,826,257	$ (1,269,062)	$ (283,740)	$ (437,905)
[A]	Add: Asset Retirement Obligation		$ (28,954)		
[A]	Reg Liab-Cost of Removal (net salvage)		$ (227,390)		
	Major Project Adjustments:	HECO-WP-D2-001	HECO-WP-E-001		HECO-WP-D4-002
	Waiau 8 Boiler Ctls Upgrade	(1,074)	62		217
	Waiau 8 Main Transformer Replace	(243)	20		48
	Kahuku Wind Power	(7)	6		1
	W7 Controls Upgrade	(424)	11		81
	Kakaako Makai-Iwilei	(3,519)	152		632
	Kakaako Makai-Kewalo/DOT Queen-Cook	(1,737)			318
	Tenant Improvement Allowance (Sch E)	(12,894)	5,158		
	Total Adjustments	$ (19,898)	$ 5,409	$ -	$ 1,297
	Remove ED & PS Clearing Allocation Change	(6,586)	1,012	747	2,248
	Adjusted 2014 Balance	$ 3,799,773	$ (1,518,985)	$ (282,993)	$ (434,359)

2 See Hawaiian Electric Company, Inc. Decision and Order No. 30505, EXHIBIT B, Page 1 of 2,
For Approval of Rate Increases and Revised Rate Schedules and Rules, filed June 29, 2012, in Docket No. 2010-0080.

3 In Transmittal No. 13-03 (Decoupling, Hawaiian Electric's RBA Rate Adjustment Tariff Filing, Hawaiian Electric's Response to the Division of Consumer Advocacy's Statement of Position and Revised RBA Rate Adjustment), Schedule D1, filed on May 14, 2013, these amounts were not updated for RAM purposes. However, in 2012 and 2013, the entire balance of Property Held for Future Use (PHFFU) was transferred to Plant in Service, resulting in a zero balance in PHFFU. Leaving these amounts unchanged from the balance at 12/31/11 would result in an overstatement of rate base by $4,090.

Balance PHFFU at 12/31/11	$ 4,090	
Less transfers to Plant in Service:		
CIP 1 Unit Addition - Land	(1,810)	Schedule D2; Amount transferred in 2013
Kaloi Substation Land	(2,276)	Schedule D2; Amount transferred in 2013
Kapolei Substation	(4)	Amount transferred in 2012
Balance PHFFU at 12/31/13	$ -	[A]

[A] SOURCE: Hawaiian Electric Company, Inc. Monthly Financial Report - December 2014, pages 8 and 10, filed February 26, 2015.

SCHEDULE J
(NEW 4-15-15)
PAGE 1 OF 1

HAWAIIAN ELECTRIC COMPANY, INC.
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF RAM CAP

Line No.	Decription (a)	Reference (b)	Amount $000 (c)
1	Adjusted 2014 Target Revenues	HECO-WP-J-001	629,856
2	GDP Price Index	HECO-WP-C-002	0.0110
3	RAM Cap Increase	Line 1 x 2	6,928
4	Adjusted 2014 RAM Revenue Adjustment	HECO-WP-J-001	67,749
5	RAM Cap for 2015 RAM Revenue Adjustment	Line 3 + 4	74,678

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."

Attachment 1

HECO-WP-J-001
(NEW 4-15-15)
PAGE 1 OF 1

HAWAIIAN ELECTRIC COMPANY, INC.
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF ADJUSTED 2014 TARGET REVENUES

Line No.	Description	Reference		Amount $000	
	(a)	(b)		(c)	
1	O&M RAM	5/22/14 Decoupling Filing, Sch A		11,576	
2	Rate Base RAM - Return on Investment	Note 3		36,360	
3	Depreciation & Amortization RAM Expense	Notes 1 & 2		19,813	
4	**2014 Adjusted RAM Revenue Adjustment**			**67,749**	Sch J
5	Last Rate Order Target Annual Revenues	Schedule B1	$	512,170	
6	Revenue Tax Factor (1/(1-8.885%))			1.0975	
7	**Last Rate Order Target Annual Revenues plus Revenue Taxes**	Line 5 x 6	$	**562,107**	
8	**2014 Adjusted Target Revenues subject to GDPPI Escalation**	Line 4 + 7	$	**629,856**	Sch J

Note 1 See Decision and Order No. 32735, paragraph 108, Page 95, filed March 31, 2015, in which the commission noted that, "... the target revenues that will serve as the Basis for the incremented cap will be the 2014 annualized target revenues adjusted to use recorded 2014 end-of-year actuals (plant in service, depreciation and amortization, CIAC, and ADIT) rather than 2014 RAM year projections in determination of the 2014 Depreciation and Amortization RAM Expense and average rate base in the 2014 Rate Base RAM. This provision will include in the determination of the average 2014 effective rate base used in determining the RAM Cap for the 2015 RAM Revenue Adjustment, the actual end-of-year net plant in service, including all baseline projects installed in 2014, rather than the five year moving average of baseline project expenditures used in the determination of the 2014 Rate Base RAM. The adjusted 2014 target revenues will be incremented by the GDPPI index to determine the RAM Cap as provided above." [CA revised the HECO Companies' apparent inadvertant use of the word "projects" to "projections" to conform to Par. 108 of D&O 32735 at page 95.]

Note 2 Prior to D&O 32735, the Rate Base RAM relied on projections or estimates for major capital projects and baseline additions through September of the RAM Evaluation Period to determine the end of year rate base. However, depreciation expense has always been based on current year actual expense for the Evaluation Period, not projections or estimates. The Consumer Advocate intereprets Par. 108 of D&O 32735 to require the use of year-end 2014 actual values in lieu of the 2014 projections or estimates for purposes of determining the year-end rate base values to be used in the average 2014 rate base to calculate the Rate Base RAM under the RAM Cap. Since depreciation expense has not relied on estimates, the Consumer Advocate disagrees with the Companies' interpretation that would shift the Adjusted 2014 RAM Cap from considering 2014 actual expense to 2015 actual expense.

2014 Depreciation Expense	HECO 5/21/14 Filing, Sch E	$	22,199,022
Less: Depr on CIP CT-1 & CIS	HECO-WP-J-002, pg. 5		(2,385,965)
Less: Depr on Energy Deliver & Power Supply Clearing Change	CA-IR-1, Attachment 4, p. 1		-
Total		$	19,813,057

Note 3 Rate Base RAM - Return on Investment

Rate Base RAM Return on Investment - Current Year (2014)	HECO-WP-J-002, pg. 1	a	$	38,239
Rate Base RAM Return on Investment - Prior Year (2013)	HECO Settlement Filing, Sch D	b		19,447
Rate Base RAM Return on Investment - Current Year (2014) Incremental		c = a - b		18,793
See Docket No. 2013-0141, D&O 31908, page 49, filed on 2/7/14		d		90%
Rate Base RAM Return on Investment -90% of Current Year (2014) Incremental		e = c x d		16,913
Rate Base RAM Return on Investment - Prior Year (2013)		b		19,447
Rate Base RAM Return on Investment Prior Year + 90% of Current Year Incremental		f = e + b	$	36,360

Attachment 1

HECO-WP-J-002
(NEW 4-15-15)
PAGE 1 OF 5

SCHEDULE D
(REVISED 5-22-14)
(REVISED 4-5-15)
PAGE 1 OF 1

HAWAIIAN ELECTRIC COMPANY, INC.
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF RATE BASE RAM ADJUSTMENT - RETURN ON INVESTMENT

Line No.	Description (a)	AMOUNTS IN THOUSANDS (b)	PERCENT OF TOTAL (c)	COST RATE (d)	POST TAX WEIGHTED EARNINGS REQMTS (e)	INCOME TAX FACTOR Note (1) (f)	PRETAX WEIGHTED EARNINGS REQMTS (g)
1	PUC APPROVED CAPITAL STRUCTURE & COSTS (Note (2)):						
2	Short-Term Debt	$ 38,210	2.35%	1.75%	0.04%	1.000000	0.04%
3	Long-Term Debt	624,620	38.36%	5.86%	2.25%	1.000000	2.25%
4	Hybrid Securities	27,994	1.72%	7.36%	0.13%	1.000000	0.13%
5	Preferred Stock	20,806	1.28%	5.46%	0.07%	1.63693	0.11%
6	Common Equity	916,533	56.29%	10.00%	5.63%	1.63693	9.21%
7	Total Capitalization	$ 1,628,163	100.00%		8.11%		11.74%
8	RAM CHANGE IN RATE BASE $000 (From HECO-WP-J-002, pg. 2)						$ 309,508
9	PRETAX RATE OF RETURN (Line 7, Col g)						11.74%
10	PRETAX RETURN REQUIREMENT						$ 36,336.3
11	REVENUE TAX FACTOR (1/(1-8.885%))						1.0975
12	RATE BASE RAM - RETURN ON INVESTMENT $000						$ 39,879.0
13	Less: Exceptional and Other Matters (From HECO-WP-J-002, p. 3)						(1,639.8)
14	RATE BASE RAM - RETURN ON INVESTMENT $000						38,239.2
							HECO-WP-J-001

Footnotes:

1	Composite Federal & State Income Tax Rate	38.91%	See HECO-WP-F-001
	Income Tax Factor (1 / 1-tax rate)	1.636929121	

2 See Decision and Order No. 30505, Page 127, filed June 29, 2012, in which the commission accepted the proposed capital structure set forth in the Parties' Stipulated Settlement Letter, filed July 5, 2011, in Docket No. 2010-0080, Exhibit 1, Page 125 of 132.

Attachment 1

HECO-WP-J-002
(NEW 4-15-15)
PAGE 2 OF 5

SCHEDULE D1
(REVISED 5-22-14)
(REVISED 4-15-15)
PAGE 1 OF 1

HAWAIIAN ELECTRIC COMPANY, INC.
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF RATE BASE RAM ADJUSTMENT - CHANGE IN RATE BASE

$ in thousands

Line No.	Description	HECO 2011 Test Year Rate Base (Note 2)		HECO 2014 RAM Rate Base			
		Beg. Balance 12/31/2010	Budgeted Balance 12/31/2011	Adjusted Recorded at 12/31/2013	RAM Projected Amounts	Actual Adjusted Recorded at 12/31/2014	
	(a)	(b)	(c)	(d) Note (1)	(e)= (f)-(d)	(f)	
1	Net Cost of Plant in Service	$ 1,608,932	$ 1,710,082	$ 2,099,668	$ 181,120	$ 2,280,788	Note (4)
2	Property Held for Future Use	4,090	4,090	0	$ -	0	Note (3)
3	Fuel Inventory	93,229	93,229	These Elements of Rate Base are Not Updated for RAM Purposes			
4	Materials & Supplies Inventories	18,229	18,229				
5	Unamort Net SFAS 109 Reg Asset	62,723	64,246				
6	Unamort EOTP Reg Asset	523	2,136				
7	CIP CT-1 Reg Asset			5,169	(954)	4,215	Note (4) & (5)
8	CIS Def Cost			13,925	(1,220)	12,705	Note (4) & (5)
9							
10							
11							
12	Unamort Sys Dev Costs	9,253	8,297	These Elements of Rate Base are Not Updated for RAM Purposes			
13	RO Pipeline Reg Asset	5,587	5,473				
14	Contrib in Excess of NPPC	-	19,411				
15	Total Additions	$ 1,802,566	$ 1,925,193	$ 2,319,045	$ 178,946	$ 2,497,990	
16	Unamortized CIAC	$ (189,314)	$ (206,279)	$ (258,084)	$ (24,909)	$ (282,993)	Note (4)
17	Customer Advances	(1,879)	(1,855)	Not Updated			
18	Customer Deposits	(10,245)	(13,554)				
19	Accumulated Def Income Taxes	(213,833)	(271,014)	(375,263)	$ (59,096)	(434,359)	Note (4)
20	Unamortized State ITC (Gross)	(32,171)	(35,088)	Not Updated			
21	Unamortized Gain on Sale	(800)	(516)				
22	Pension Reg Liability	(3,996)	(2,522)				
23	OPEB Reg Liability	(6,376)	(8,749)				
24	Total Deductions	$ (458,614)	$ (539,577)	$ (692,223)	$ (84,005)	$ (776,228)	
25	Working Cash	21,047	21,047	21,047	Not Updated	21,047	
26	Rate Base at Proposed Rates	$ 1,364,999	$ 1,406,663	$ 1,647,869		$ 1,742,809	
27	Average Rate Base		$ 1,385,831			$ 1,695,339	
28	Change in Rate Base					$ 309,508	HECO-WP-J-002, p. 1

Line No.	Column (e) Projected Changes to Rate Base:	Reference	Amount $000
29			
30	Plant - Baseline Capital Project Additions	Schedule D2	165,333
31	Major Project Additions	Schedule D3	27,102
32	Accumulated Depreciation/Amortization Change	Schedule E	(113,685)
33	Net Plant	Sum: Lines 30-32	78,750
34	Accum. Deferred Income Taxes - Baseline and Major Capital Projects	Schedule F	(2,748)
35	Projected CIAC Additions - Baseline	Schedule G	(21,477)
36	Projected CIAC Additions - Major CIP	Schedule G2	(3,888)
37	Less: Amortization of CIAC	Schedule G	6,148
38	Total Change in CIAC in Rate Base	Sum: Lines 35-37	(19,218)

Footnotes:

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

		Plant in Service	Acc. Depr.	CIAC Net	ADIT
					Schedule D4
[A]	Unadjusted Balance	$ 3,601,976	$ (1,235,606)	$ (258,084)	$ (365,465)
[A]	Add: Asset Retirement Obligation		$ (42,649)		
[A]	Reg Liab-Cost of Removal (net salvage)		$ (211,551)		
	Major Project Adjustments:	HECO-WP-D2-001	HECO-WP-E-001		HECO-WP-D4-002
	Waiau 8 Boiler Ctls Upgrade	(1,093)	40		214
	Waiau 8 Main Transformer Replace	(243)	14		48
	Kahuku Wind Power	(7)	6		1
	W7 Controls Upgrade	(416)	2		77
	Kakaako Makai-Iwilei	(3,034)			555
	Tenant Improvement Allowance (Sch E)	(11,711)	3,940		
	Total Adjustments	$ (16,504)	$ 4,002	$ -	$ 895
	CIS, CIP Adjustments - ADIT	HECO-WP-D4-003			$ 772
	NOL Adjustment - ADIT	Sch D4, Footnote 1			$ (11,488)
	ADIT on IVR				$ (360)
	ADIT on ERP				$ (405)
	ADIT on Big Wind				$ 788
	Adjusted 2013 Balance	$ 3,585,472	$ (1,485,804)	$ (258,084)	$ (375,263)

2 See Hawaiian Electric Company, Inc. Decision and Order No. 30505, EXHIBIT B, Page 1 of 2,
For Approval of Rate Increases and Revised Rate Schedules and Rules, filed June 29, 2012, in Docket No. 2010-0080.

3 In Transmittal No. 13-03 (Decoupling, Hawaiian Electric's RBA Rate Adjustment Tariff Filing, Hawaiian Electric's Response to the Divis
Advocacy's Statement of Position and Revised RBA Rate Adjustment), Schedule D1, filed on May 14, 2013, these amounts were not u
purposes. However, in 2012 and 2013, the entire balance of Property Held for Future Use (PHFFU) was transferred to Plant in Service
balance in PHFFU. Leaving these amounts unchanged from the balance at 12/31/11 would result in an overstatement of rate base by

Balance PHFFU at 12/31/11	$ 4,089,920	
Less transfers to Plant in Service:		
CIP 1 Unit Addition - Land	(1,809,875)	Schedule D2; HECO-WP-D2-002 Page 1 of 1
Kalol Substation Land	(2,276,439)	Schedule D2; HECO-WP-D2-002 Page 1 of 1
Kapolei Substation	(3,606)	Amount transferred in 2012
Balance PHFFU at 12/31/13	$ -	[A]

4 See Adjusted Recorded at 12/31/14 for the respective line items per Schedule D1 of Transmittal No. 15-03 (Decoupling) filed on Marcl

	Plant in Service	Acc. Depr.	CIAC Net	ADIT
Adjusted 2014 Balance (Schedule D1)	$ 3,799,773	$ (1,518,985)	$ (282,993)	$ (434,359)
Remove ED & PS Clearing Allocation Change	-	-	-	-
Adjusted 2014 Balance	$ 3,799,773	$ (1,518,985)	$ (282,993)	$ (434,359)

5 The revenue requirement impact of the CIP CT-1 Regulatory Asset and CIS Deferred Cost balances are separately calculated on WP-J-002, page 3, therefore, there are no adjustments of this balance reflected on this workpaper.

[A] SOURCE: Hawaiian Electric Company, Inc. Monthly Financial Report - December 2013, pages 8 and 10, filed February 21, 2014.

Attachment 2

Transmittal Nos. 15-03, 15-04, 15-05 (Decoupling)

DIVISION OF CONSUMER ADVOCACY'S STATEMENT OF POSITION

Attachment 1 contains only those pages of the Hawaii Electric Light Company's Decoupling Workbook Update filed April 15, 2015, that have been modified by the Consumer Advocate or other key pages necessary to the presentation of the Consumer Advocate's overall recommendations.

All pages of the Decoupling Template can be viewed in electronic form in the spreadsheet provided as Consumer Advocate Workpapers.

Filed: May 15, 2015

Attachment 2
CA Revisions

HAWAII ELECTRIC LIGHT COMPANY, INC.
2015 DECOUPLING CALCULATION WORKBOOK
Consumer Advocate Proposed Revisions

Line No.	Tab	Cell(s)	Description	CA Values	HELCO / Alternate Values	Difference	
1							
2	A1 RAM Allowed	G23	Revise formula to automatically sellect the lower of the Adjusted RAM Cap or the adjusted RAM revenue adjustment amount	n/a	n/a		
3							
4							
5			**Depreciation RAM (GDPPI):**				
6	WP-J-001	F13 & F26	Limit the 2014 Adjusted Depreciation RAM for RAM Cap escalation purposes to 2014 actual expense rather than 2015 expense as proposed by HECO. Source: HECO Companies response to CA-IR-4, revised Schedule E spreadsheet.	$ 5,250,910	$ 6,686,314	$ (1,435,404)	
7			1>>>	1			<Switch. If cell I15=1, then 2014 depreciation used to calculate 2014 Adjusted RAM Cap
8							
9			**Rate Base RAM:**				
10	WP-J-001	G12 & H35 A31..H38	Retain the 90% limitation factor on the incremental Rate Base RAM return on investment for purposes of determining the 2014 Adjusted RAM subject to GDPPI escalation; HECO proposes to remove the limitation factor for such purpose.	90%	100%		
11			2>>>	2			<Switch. If cell I19=2, then 90% limitation factor used to calculate 2014 Adjusted RAM Cap
12							
13			**Rate Base & Depreciation RAM (GDPPI & Base):**				
14			Exclude from rate base and depreciation expense the energy delivery and power supply clearing allocation shift implemented in 2014, while allowing the HECO Companies' to retain the benefit of the O&M reduction. Source: HECO Companies response to CA-IR-1, Attachment 4.				
15	WP-J-001	G13 & G28 A25..G29	Depreciation Expense & CIAC Amort.	$ -	$ -	$ -	
16	Schedule D1 &	F74	Plant In Service	$ (751,261)	$ -	$ (751,261)	
17		F74	Accumulated Depreciation	$ 308,202	$ -	$ 308,202	
18		M74	CIAC	$ 96,887	$ -	$ 96,887	
19		N74	ADIT Reserves	$ 329,930	$ -	$ 329,930	
20	WP-J-002 (2) Sch D1 RB	C75..N78	Rate Base 12/31/2014	$ (16,242)	$ -	$ (16,242)	
21			3 or 30 >>>	3			<Switch. If cell I30=3, ED/PS removed from calculation of 2014 Adjusted RB RAM & RAM Cap. <Switch. If cell I30=30, only remove ED/PS from Rate Base to calculate 2014 Adjusted RAM Cap.
22							
23			**Update Forecast kWh Sales Levels:**				
24	Schedule A	I35	Update to the kWh sales forecast per the response to CA-IR-15.				
25			GWH Sales	1,054.9	1,068.6		
26			4>>>	4			<Switch. If cell I35=4, then update GWH sales consistent with the response to CA-IR-15.
27							
28			**Historic GDPPI:**				
29	Schedule J	K13	Apply historic rather than forecast GDPPI change for RAM Cap escalation.				
30			GDPPI	0.0124	0.011		
31			5>>>				<Switch. If cell I40=5, then historic GDPPI change for RAM Cap escalation.

Note: The cells containing CA revisions are noted on the referenced "Tab" with yellow highlights.
HELCO's Revised 4/15/15 filing did not contain Schedules D and D1 within the spreadsheet file, which were added and designated such with "yellow" tab color.

Attachment 2
SCHEDULE A
(REVISED 4-15-15)
PAGE 1 OF 1

HAWAII ELECTRIC LIGHT COMPANY, INC.
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF 2015 REVENUE BALANCING ACCOUNT RATE ADJUSTMENT

Line No.	Description (a)	Reference (b)	Amount (c)	Rate Amount (d)
	RECONCILIATION OF RBA BALANCE:			
1	RBA Prior calendar year-end balance	Schedule B	$ 7,502,837	
2	Revenue Tax Factor	Schedule C	1.0975	
3	Revenue for RBA Balance			$ 8,234,363
	RATE ADJUSTMENT MECHANISM "RAM" AMOUNT:			
4	Total RAM Revenue Adjustment Allowed	Schedule A1, Note 2		$ 6,629,492
5	EARNINGS SHARING REVENUE CREDITS - 2014 ROE:	Schedule H		$ -
6	PUC-ORDERED MAJOR OR BASELINE CAPITAL PROJECTS CREDITS:	Schedule I		$ -
7	TOTAL RBA REVENUE ADJUSTMENT - Revised	Sum Col. (d)		$ 14,863,856
8	GWH SALES VOLUME ESTIMATE JUNE 2015 - MAY 2016 (see HECO-WP-A-001)			1,054.900
9	RBA RATE ADJUSTMENT - cents per kWh - Revised	Note (1)		**1.4090**
10	MONTHLY BILL IMPACT @ 500 KWH - Revised			**$ 7.05**

Note (1): 2015 RBA Rate Adjustment Breakdown	Col. (d)	Rate Adjustment cents per kWh	Percentage Share
RBA Balance	$ 8,234,363	0.78058238	55.3986%
RAM Amount	$ 6,629,492	0.62844745	44.6014%
Earnings Sharing Revenue Credits	$ -	0.00000000	0.0000%
Major or Baseline Capital Projects Credits	$ -	0.00000000	0.0000%
	$ 14,863,856	1.40902983	100.0000%

Note (2): Total RAM Revenue Adjustment Allowed is the sum of the RAM Cap + Exeptional and Other Projects. See Decision and 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.

Attachment 2

SCHEDULE A1
(NEW 4-15-15)

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

Line No.	Description	Reference	Amount
	(a)	(b)	(c)
	RAM REVENUE ADJUSTMENT DETERMINED ACCORDING TO EXISTING TARIFFS AND PROCEDURES		
1	O&M RAM	3/31/15 Decoupling Filing, Sch A	$ 3,868,831
2	Rate Base RAM - Return on Investment (Note 2)	3/31/15 Decoupling Filing, Sch A, Note 2	$ (3,378,280)
3	Depreciation & Amortization RAM Expense	3/31/15 Decoupling Filing, Sch A	$ 6,686,314
4	Total Adjusted RAM Revenue Adjustment		$ 7,176,865
	RAM REVENUE ADJUSTMENT CAP		
5	RAM Cap for 2015 RAM Revenue Adjustment	Schedule J	$ 6,221,151
6	Plus: Exceptional and Other Matters	Schedule K	408,341
7	2015 Cap - Total Adjusted RAM Revenue Adjustment (Note 3)		$ 6,629,492
8	**Total RAM Revenue Adjustment Allowed** (Note 1)	Lesser of Line 4 or Line 7	**$ 6,629,492**
			To Sch A, line 4

Note 1 RAM Revenue Adjustment Allowed:
See Decision and Order No. 32735, filed March 31, 2015, paragraph106, 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 See Decision and Order No. 32735, filed March 31, 2015, paragraph 79, page 82:
"The amendments to the RAM implemented by this Order replace and terminate the previous interim limitations on RAM year Rate Base RAM adjustments required pursuant to Order No. 31908,"
and paragraph 3, page 6:
"The 90% adjustment shall be removed in favor of the GDDPI cap."
Therefore, the 10% reduction pursuant to Order No. 31908 has been eliminated from the calculation of 2014's Rate Base RAM- Return on Investment.

Note 3 Total RAM Cap:
See Decision and 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."

SCHEDULE D
PAGE 1 OF 1

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)	INCOME TAX FACTOR Note (2) (f)	PRETAX WEIGHTED EARNINGS REQMTS (g)
1	PUC APPROVED CAPITAL STRUCTURE & COSTS (Note 1):						
2	Short-Term Debt	$ 7,040	1.41%	3.25%	0.05%	1.000000	0.05%
3	Long-Term Debt	196,838	39.48%	6.15%	2.43%	1.000000	2.43%
4	Hybrid Securities	9,297	1.86%	7.38%	0.14%	1.000000	0.14%
5	Preferred Stock	6,623	1.33%	8.29%	0.11%	1.636929	0.18%
6	Common Equity	278,722	55.91%	10.00%	5.59%	1.636929	9.15%
7	Total Capitalization	$ 498,520	100.00%		8.31%		11.94%
8	RAM CHANGE IN RATE BASE (From Schedule D1)						$ (25,780)
9	PRETAX RATE OF RETURN (Line 7, Col g)						11.94%
10	PRETAX RETURN REQUIREMENT						$ (3,078.1)
11	REVENUE TAX FACTOR (1/(1-8.885%))						1.0975
12	RATE BASE RAM - RETURN ON INVESTMENT						$ (3,378.280)

Footnotes:

1 See Letter to Commission, Subject: HELCO Revised schedules Resulting from Decision and Order No.

2 Composite Federal & State Income Tax Rate 38.91%
Income Tax Factor (1 / 1-tax rate) 1.636929121

30168, dated February 21, 2012, in Docket No. 2009-0164, Exhibit 1A, p.12.

Attachment 2

SCHEDULE D1
PAGE 1 OF 1

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

		HELCO 2010 Test Year Rate Base		HELCO 2015 RAM Rate Base			
Line No.	Description	Beg Balance 12/31/2009	Budgeted Balance 12/31/2010	Adjusted Recorded at 12/31/2014	RAM Projected Amounts	Estimated at 12/31/2015	
	(a)	(b)	(c)	(d) Note (1)	(e) See Detail Below	(f)	
1	Net Cost of Plant in Service	$ 567,375	$ 597,486	$ 632,021	$ 3,314	$ 635,335	
2	Property Held for Future Use	-	-	[redacted]	[redacted]	[redacted]	
3	Fuel Inventory	8,848	8,848	[redacted]	[redacted]	[redacted]	
4	Materials & Supplies Inventories	3,944	3,944	[redacted]	[redacted]	[redacted]	
5	Unamort Net SFAS 109 Reg Asset	11,803	11,633	[redacted]	[redacted]	[redacted]	
6	Unamort Sys Dev Costs	1,184	1,455	[redacted]	[redacted]	[redacted]	
7	Pension Asset	4,888	2,668	[redacted]	[redacted]	[redacted]	
8	ARO Reg Asset	205	209	[redacted]	[redacted]	[redacted]	
9	CIS Deferred Costs			2,224	(214)	2,010	HELCO-WP-D1-001, Page 1
10				[redacted]	[redacted]	[redacted]	
11				[redacted]	[redacted]	[redacted]	
12				[redacted]	[redacted]	[redacted]	
13	Pension Reg Asset	4,156	4,916	[redacted]	[redacted]	[redacted]	
14	Total Additions	$ 602,403	$ 631,159	$ 668,595	$ 3,100	$ 671,696	
15	Unamortized CIAC	$ (69,566)	$ (73,019)	$ (94,378)	$ (4,734)	$ (99,111)	
16	Customer Advances	(27,912)	(29,995)	[redacted]	[redacted]	[redacted]	
17	Customer Deposits	(2,703)	(2,751)	[redacted]	[redacted]	[redacted]	
18	Accumulated Def Income Taxes	(31,776)	(46,003)	(92,288)	(589)	(92,878)	
19	Unamortized State ITC (Gross)	(12,301)	(13,314)	[redacted]	[redacted]	[redacted]	
20	Unamortized Gain on Sale	-	-	[redacted]	[redacted]	[redacted]	
21	Pension Reg Liability	-	-	[redacted]	[redacted]	[redacted]	
22	OPEB Reg Liability	(100)	(319)	[redacted]	[redacted]	[redacted]	
23	Total Deductions	$ (144,358)	$ (165,401)	$ (231,363)	$ (5,323)	$ (236,686)	
24	Working Cash	$ 3,238	$ 3,238	[redacted]	[redacted]	[redacted]	
25	Rate Base at Proposed Rates	$ 461,283	$ 468,996	$ 440,470		$ 438,247	
26	Average Rate Base		$ 465,139			$ 439,359	
27	**Change in Rate Base**					$ (25,780)	

Line No.	Description	Reference	Amount
28	Column (e) Projected Changes to Rate Base:	Reference	Amount
29	Plant - Baseline Capital Project Additions	Schedule D2	$ 44,630
30	Major CIP Project Additions	Schedule D3	-
31	Accumulated Depreciation/Amortization Change	Schedule E	(41,316)
32	Net Plant	Sum Lines 29-31	$ 3,314
33	Accum. Deferred Income Taxes - Baseline and Major Capital Projects	Schedule F	$ (589)
34	Projected CIAC Additions - Baseline	Schedule G	$ (7,876)
35	Projected CIAC Additions - Major CIP	Schedule G	-
36	Less: Amortization of CIAC	Schedule G	3,142
37	Total Change in CIAC in Rate Base	Sum: Lines 34-36	$ (4,734)

Footnotes:

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

		Plant in Service	Acc. Depr.	CIAC Net	ADIT
				Schedule G	Schedule D4
[A]	Unadjusted Balance	$ 1,184,264	$ (475,933)	$ (94,475)	$ (92,618)
[A]	Add: Asset Retirement Obligation		$ (208)		
[A]	Reg Liab-Cost of Removal (net salvage)		$ (75,659)		
	Major Project Adjustments:				
	NA				
	Total Adjustments	$ -	$ -	$ -	$ -
	Remove ED & PS Clearing Allocation Change	(751)	308	97	330
	Adjusted 2014 Balance	$ 1,183,513	$ (551,492)	$ (94,378)	$ (92,288)

[A] SOURCE: Hawaii Electric Light Company, Inc. Monthly Financial Report - December 2014, pages 8 and 10, filed February 26, 2015.

SCHEDULE J
(NEW 4-15-15)
PAGE 1 OF 1

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

Line No.	Decription (a)	Reference (b)	Amount $000 (c)
1	Adjusted 2014 Target Revenues	HELCO-WP-J-001	156,032
2	Gross Domestic Product Price Index (GDPPI)	HELCO-WP-C-002	0.0110
3	RAM Cap Increase	Line 1 x 2	1,716
4	Adjusted 2014 RAM Revenue Adjustment	HELCO-WP-J-001	4,505
5	RAM Cap for 2015 RAM Revenue Adjustment	Line 3 + 4	6,221

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."

Attachment 2

HELCO-WP-J-001
(NEW 4-15-15)
PAGE 1 OF 1

HAWAII ELECTRIC LIGHT COMPANY, INC.
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF ADJUSTED 2014 TARGET REVENUES

Line No.	Description (a)	Reference (b)	Amount $000 (c)	
1	O&M RAM	5/14/14 Decoupling Filing, Sch A	$ 3,150	
2	Rate Base RAM - Return on Investment	Note 3	(3,662)	
3	Depreciation & Amortization RAM Expense	Notes 1 & 2	5,017	
4	**Total 2014 Adjusted RAM Revenue Adjustment**		**$ 4,505**	Sch J
5	Last Rate Order Target Annual Revenues	Schedule B1	$ 138,065	
6	Revenue Tax Factor (1/(1-8.885%))		1.0975	
7	**Last Rate Order Target Annual Revenues plus Revenue Taxes**	Line 5 x 6	**$ 151,527**	
8	**2014 Adjusted Target Revenues subject to GDPPI Escalation**	Line 4 + 7	**$ 156,032**	Sch J

Note 1 See Decision and Order No. 32735, paragraph 108, Page 95, filed March 31, 2015, in which the commission noted that, "... the target revenues that will serve as the Basis for the incremented cap will be the 2014 annualized target revenues adjusted to use recorded 2014 end-of-year actuals (plant in service, depreciation and amortization, CIAC, and ADIT) rather than 2014 RAM year projects in determination of the 2014 Depreciation and Amortization RAM Expense and average rate base in the 2014 Rate Base RAM. This provision will include in the determination of the average 2014 effective rate base used in determining the RAM Cap for the 2015 RAM Revenue Adjustment, the actual end-of-year net plant in service, including all baseline projects installed in 2014, rather than the five year moving average of baseline project expenditures used in the determination of the 2014 Rate Base RAM. The adjusted 2014 target revenues will be incremented by the GDPPI index to determine the RAM Cap as provided above."

Note 2 Prior to D&O 32735, the Rate Base RAM relied on projections or estimates for major capital projects and baseline additions through September of the RAM Evaluation Period to determine the end of year rate base. However, depreciation expense has always been based on current year actual expense for the Evaluation Period, not projections or estimates. The Consumer Advocate intereprets Par. 108 of D&O 32735 to require the use of year-end 2014 actual values in lieu of the 2014 projections or estimates for purposes of determining the year-end rate base values to be used in the average 2014 rate base to calculate the Rate Base RAM under the RAM Cap. Since depreciation expense has not relied on estimates, the Consumer Advocate disagrees with the Companies' interpretation that would shift the Adjusted 2014 RAM Cap from considering 2014 actual expense to 2015 actual expense.

2014 Depreciation Expense	HELCO 5/14/13 Filing, Sch E	$ 5,250,910
Less: Depr on CIP CT-1 & CIS	HELCO-WP-J-002, pg. 5	(234,278)
Less: Depr on Energy Deliver & Power Supply Clearing Change	CA-IR-1, Attachment 4, p. 1	-
Total		$ 5,016,632

Note 3 <u>Rate Base RAM - Return on Investment</u>

Rate Base RAM Return on Investment - Current Year (2014)	HECO-WP-J-002, pg. 1	a	$ (3,662)
Rate Base RAM Return on Investment - Prior Year (2013)	HELCO 2013 Settlement, Sch D	b	(5,568)
Rate Base RAM Return on Investment - Current Year (2014) Incremental		c = a - b	1,906
See Docket No. 2013-0141, D&O 31908, page 49, filed on 2/7/14		d	90%
Rate Base RAM Return on Investment -90% of Current Year (2014) Incremental		e = c x d	1,715
Rate Base RAM Return on Investment - Prior Year (2013)		b	(5,568)
Rate Base RAM Return on Investment Prior Year + 90% of Current Year Incremental		f = e + b	$ (3,853)

Attachment 2

SCHEDULE D
PAGE 1 OF 1
(REVISED 5-14-14)
(REVISED 4-15-2015)

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)	INCOME TAX FACTOR Note (2) (f)	PRETAX WEIGHTED EARNINGS REQMTS (g)
1	PUC APPROVED CAPITAL STRUCTURE & COSTS (Note 1):						
2	Short-Term Debt	$ 7,040	1.41%	3.25%	0.05%	1.000000	0.05%
3	Long-Term Debt	196,838	39.48%	6.15%	2.43%	1.000000	2.43%
4	Hybrid Securities	9,297	1.86%	7.38%	0.14%	1.000000	0.14%
5	Preferred Stock	6,623	1.33%	8.29%	0.11%	1.636929	0.18%
6	Common Equity	278,722	55.91%	10.00%	5.59%	1.636929	9.15%
7	Total Capitalization	$ 498,520	100.00%		8.31%		11.94%
8	RAM CHANGE IN RATE BASE $000 (From HELCO-WP-J-002, p.2)						$ (26,417)
9	PRETAX RATE OF RETURN (Line 7, Col g)						11.94%
10	PRETAX RETURN REQUIREMENT						$ (3,154.2)
11	REVENUE TAX FACTOR (1/(1-8.885%))						1.0975
12	RATE BASE RAM - RETURN ON INVESTMENT $000						$ (3,461.7)
13	Less: Exceptional and Other Matters (from HELCO-WP-J-002, p. 3)						(200.4)
14	RATE BASE RAM - RETURN ON INVESTMENT $000						$ (3,662.15) HELCO-WP-J-001

Footnotes:

1	Composite Federal & State Income Tax Rate	38.91%
	Income Tax Factor (1 / 1-tax rate)	1.636929121

See Letter to Commission, Subject: HELCO Revised schedules Resulting from Decision and Order No.
2 30168, dated February 21, 2012, in Docket No. 2009-0164, Exhibit 1A, p.12.

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

		HELCO 2010 Test Year Rate Base		HELCO 2014 RAM Rate Base		
Line No.	Description	Beg Balance 12/31/2009	Budgeted Balance 12/31/2010	Adjusted Recorded at 12/31/2013	Actual Adjusted Recorded at 12/31/2014	
	(a)	(b)	(c)	(d)	(f)	
				Note (1)		
1	Net Cost of Plant in Service	$ 567,375	$ 597,486	$ 614,881	$ 632,329	Note (2)
2	Property Held for Future Use	-	-			
3	Fuel Inventory	8,848	8,848			
4	Materials & Supplies Inventories	3,944	3,944			
5	Unamort Net SFAS 109 Reg Asset	11,803	11,633			
6	Unamort Sys Dev Costs	1,184	1,455			
7	Pension Asset	4,888	2,668			
8	ARO Reg Asset	205	209			
9	CIS Deferred Costs - Note 2			2,437	2,224	Note (2) & (3)
10						
11						
12						
13	Pension Reg Asset	4,156	4,916			
14	Total Additions	$ 602,403	$ 631,159	$ 651,669	$ 668,904	
15	Unamortized CIAC	$ (69,566)	$ (73,019)	$ (89,763)	$ (94,378)	Note (2)
16	Customer Advances	(27,912)	(29,995)			
17	Customer Deposits	(2,703)	(2,751)			
18	Accumulated Def Income Taxes	(31,776)	(46,003)	(83,781)	(92,288)	
19	Unamortized State ITC (Gross)	(12,301)	(13,314)			
20	Unamortized Gain on Sale	-	-			
21	Pension Reg Liability	-	-			
22	OPEB Reg Liability	(100)	(319)			
23	Total Deductions	$ (144,358)	$ (165,401)	$ (218,241)	$ (231,363)	
24	Working Cash	$ 3,238	$ 3,238	$ 3,238	$ 3,238	
25	Rate Base at Proposed Rates	$ 461,283	$ 468,996	$ 436,665	$ 440,778	
26	Average Rate Base		$ 465,139		$ 438,722	
27	**Change in Rate Base**				$ (26,417)	HELCO-WP-J-002, p.1

Footnotes:

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

		Plant in Service	Acc. Depr.	CIAC Net	ADIT
				Schedule G	Schedule D4
[A]	Unadjusted Balance	$ 1,142,153	$ (455,363)	$ (89,763)	$ (83,586)
[A]	Add: Asset Retirement Obligation		$ (200)		
[A]	Reg Liab-Cost of Removal (net salvage)		$ (71,709)		
	Major Project Adjustments:				
	NA				
	NA				
	Total Adjustments	$ -	$ -	$ -	$ -
	CIS Adjustment - ADIT				$ 13
	ERP - ADIT				$ (90)
	IVR - ADIT				$ (117)
	Adjusted 2013 Balance	$ 1,142,153	$ (527,272)	$ (89,763)	$ (83,781)

[A] SOURCE: Hawaii Electric Light Company, Inc. Monthly Financial Report - December 2013, filed February 21, 2014.

2 See Adjusted Recorded at 12/31/14 for the respective line items per Schedule D1 of Transmittal No. 15-03 (Decoupling) filed on March 31, 2015.

	Plant in Service	Acc. Depr.	CIAC Net	ADIT
Adjusted 2014 Balance (Schedule D1)	$ 1,183,513	$ (551,492)	$ (94,378)	$ (92,288)
Remove ED & PS Clearing Allocation Change	-	308	-	-
Adjusted 2014 Balance	$ 1,183,513	$ (551,184)	$ (94,378)	$ (92,288)

3 The revenue requirement impact of the CIS Deferred Cost balances are separately calculated on WP-J-002, page 3, therefore, there are no adjustments of this balance reflected on this workpaper.

Attachment 3

Transmittal Nos. 15-03, 15-04, 15-05 (Decoupling)

DIVISION OF CONSUMER ADVOCACY'S STATEMENT OF POSITION

Attachment 1 contains only those pages of the Maui Electric Company's Decoupling Workbook Update filed April 15, 2015, that have been modified by the Consumer Advocate or other key pages necessary to the presentation of the Consumer Advocate's overall recommendations.

All pages of the Decoupling Template can be viewed in electronic form in the spreadsheet provided as Consumer Advocate Workpapers.

Filed: May 15, 2015

MAUI ELECTRIC COMPANY, LIMITED
2015 DECOUPLING CALCULATION WORKBOOK
Consumer Advocate Proposed Revisions

Line No.	Tab	Cell(s)	Description	CA Values	HECO / Alternate Values	Difference	
1							
2	A1 RAM Allowed	G23	Revise formula to automatically sellect the lower of the Adjusted RAM Cap or the adjusted RAM revenue adjustment amount	n/a	n/a		
3							
4							
5			**Depreciation RAM (GDPPI):**				
6	WP-J-001	G13 & G35	Limit the 2014 Adjusted Depreciation RAM for RAM Cap escalation purposes to 2014 actual expense rather than 2015 expense as proposed by HECO. Source: HECO Companies response to CA-IR-4, revised Schedule E spreadsheet.	$ 2,096,878	$ 3,394,698	$ (1,297,820)	
7			1>>>	1			<Switch. If cell I15=1, then 2014 depreciation used to calculate 2014 Adjusted RAM Cap
8							
9			**Rate Base RAM:**				
10	WP-J-001	G12 & H44 A37..H44	Retain the 90% limitation factor on the incremental Rate Base RAM return on investment for purposes of determining the 2014 Adjusted RAM subject to GDPPI escalation; HECO proposes to remove the limitation factor for such purpose.	90%	100%		
11			2>>>	2			<Switch. If cell I19=2, then 90% limitation factor used to calculate 2014 Adjusted RAM Cap
12							
13			**Rate Base & Depreciation RAM (GDPPI & Base):**				
14			Exclude from rate base and depreciation expense the energy delivery and power supply clearing allocation shift implemented in 2014, while allowing the HECO Companies' to retain the benefit of the O&M reduction. Source: HECO Companies response to CA-IR-1, Attachment 4.				
15	WP-J-001	G13 & H34 A31..H35	Depreciation Expense & CIAC Amort.	$ -	$ -	$ -	<<placeholder for post-2015 RBA RAM filings
16	Schedule D1 &	M82	Plant In Service	$ (1,063,913)	$ -	$ (1,063,913)	
17		N82	Accumulated Depreciation	$ (56,619)	$ -	$ (56,619)	
18		O82	CIAC	$ 70,094	$ -	$ 70,094	
19		Q82	ADIT Reserves	$ 269,579	$ -	$ 269,579	
20	WP-J-002 (2) Sch D1 fc	E88..Q91	Rate Base 12/31/2014	$ (780,859)	$ -	$ (780,859)	
21			3 or 30 >>>	3			<Switch. If cell I30=3, ED/PS removed from calculation of 2014 Adjusted RB RAM & RAM Cap.
22							<Switch. If cell I30=30, only remove ED/PS from Rate Base to calculate 2014 Adjusted RAM Cap.
23			**Update Forecast kWh Sales Levels:**				
24	Schedule A	I35	Update to the kWh sales forecast per the response to CA-IR-15.				
25			GWH Sales	1,087.5	1,101.0		
26			4>>>	4			<Switch. If cell I35=4, then update GWH sales consistent with the response to CA-IR-15.
27							
28			**Historic GDPPI:**				
29	Schedule J	K13	Apply historic rather than forecast GDPPI change for RAM Cap escalation.				
30			GDPPI	0.0124	0.011		
31			5>>>				<Switch. If cell I40=5, then historic GDPPI change for RAM Cap escalation.

Note: The cells containing CA revisions are noted on the referenced "Tab" with yellow highlights.

Attachment 3
CA Revisions

Attachment 3

SCHEDULE A
(REVISED 4-15-15)
PAGE 1 OF 1

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF 2015 REVENUE BALANCING ACCOUNT RATE ADJUSTMENT

Line No.	Description (a)	Reference (b)	Amount (c)	Rate Amount (d)
	RECONCILIATION OF RBA BALANCE:			
1	RBA Prior calendar year-end balance	Schedule B	$ 6,789,533	
2	Revenue Tax Factor	Schedule C	1.0975	
3	Revenue for RBA Balance			$ 7,451,513
	RATE ADJUSTMENT MECHANISM "RAM" AMOUNT:			
4	Total RAM Revenue Adjustment Allowed	Schedule A1, Note (2)		$ 10,437,558
5	EARNINGS SHARING REVENUE CREDITS - 2014 ROE:	Schedule H		$ (520,522)
6	PUC-ORDERED MAJOR OR BASELINE CAPITAL PROJECTS CREDITS:	Schedule I		$ -
7	TOTAL RBA REVENUE ADJUSTMENT - Revised	Sum Col. (d)		$ 17,368,549
8	GWH SALES VOLUME ESTIMATE JUNE 2015 - MAY 2016	MECO-WP-A-001		1,087.500
9	RBA RATE ADJUSTMENT, RBA Balance - ¢ per kWh - Revised	Note (1)		1.5971
10	MONTHLY BILL IMPACT @ 600 KWH - Maui Division - Revised			$ 9.58
11	MONTHLY BILL IMPACT @ 400 KWH - Molokai and Lanai Divisions - Revised			$ 6.39

Note (1): 2015 RBA Rate Adjustment Breakdown

	Col. (d)	Rate Adjustment cents per kWh	Percentage Share
RBA Balance	$ 7,451,513	0.68519659	42.9023%
RAM Amount	$ 10,437,558	0.95977545	60.0946%
Earnings Sharing Revenue Credits	$ (520,522)	-0.04786412	-2.9969%
Major or Baseline Capital Projects Credits	$ -	0.00000000	0.0000%
	$ 17,368,549	1.59710792	100.00%

Note (2): Total RAM Revenue Adjustment Allowed is the sum of the RAM Cap + Exeptional and Other Projects. See Decision and 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.

SCHEDULE A1
(NEW 4-15-15)

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

Line No.	Description (a)	Reference (b)	Amount (c)
	RAM REVENUE ADJUSTMENT DETERMINED ACCORDING TO EXISTING TARIFFS AND PROCEDURES		
1	O&M RAM	3/31/15 Decoupling Filing, Sch A	$ 2,764,684
2	Rate Base RAM - Return on Investment (Note 2)	Schedule D	$ 6,757,831
3	Depreciation & Amortization RAM Expense	3/31/15 Decoupling Filing, Sch E, Line 200	$ 3,394,698
4	Total Adjusted RAM Revenue Adjustment		**$ 12,917,213**
	RAM REVENUE ADJUSTMENT CAP		
5	RAM Cap for 2015 RAM Revenue Adjustment	Schedule J	$ 10,007,258
6	Plus: Exceptional and Other Matters	Schedule K	430,300
7	2015 Cap - Total Adjusted RAM Revenue Adjustment (Note 3)		**$ 10,437,558**
8	**Total RAM Revenue Adjustment Allowed** (Note 1)	Lesser of Line 4 or Line 7	**$ 10,437,558** To Sch A, line 4

Note 1 RAM Revenue Adjustment Allowed:
See Decision and Order No. 32735, filed March 31, 2015, paragraph106, 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 See Decision and Order No. 32735, filed March 31, 2015, paragraph 79, page 82:
"The amendments to the RAM implemented by this Order replace and terminate the previous interim limitations on RAM year Rate Base RAM adjustments required pursuant to Order No. 31908,"

and paragraph 3, page 6:
"The 90% adjustment shall be removed in favor of the GDPPI cap."
Therefore, the 10% reduction pursuant to Order No. 31908 has been eliminated from the calculation of 2014's Rate Base RAM- Return on Investment.

Note 3 Total RAM Cap:
See Decision and 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."

Attachment 3

SCHEDULE D
PAGE 1 OF 1

(FILED 3-31-15)
(REVISED 4-15-15)

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

Line No.	Description (a)	AMOUNTS (IN THOUSANDS) (b)	PERCENT OF TOTAL (c)	COST RATE (d)	POST TAX WEIGHTED EARNINGS REQMTS (e)	INCOME TAX FACTOR Note (1) (f)	PRETAX WEIGHTED EARNINGS REQMTS (g)
1	PUC APPROVED CAPITAL STRUCTURE & COSTS (Decision & Order No. 31288, Docket No. 2011-0092, page 113, dated May 31, 2013) Att. 1A, page 2):						
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%	1.636929	0.16%
6	Common Equity	231,310	56.86%	9.00%	5.12%	1.636929	8.38%
7	Total Capitalization	$ 406,800	100.00%		7.34%		10.66%
8	RAM CHANGE IN RATE BASE $000 (From Schedule D1)						[redacted]
9	PRETAX RATE OF RETURN (Line 7, Col g)						10.66%
10	PRETAX RETURN REQUIREMENT						[redacted]
11	REVENUE TAX FACTOR (1/(1-8.885%))						1.0975
12	RATE BASE RAM - RETURN ON INVESTMENT $000						[redacted]

* Amounts may not add due to rounding.

Footnote:

(1) Composite Federal & State Income Tax Rate	38.91%
Income Tax Factor (1 / 1-tax rate)	1.636929121

Attachment 3

SCHEDULE D1
PAGE 1 OF 1

(FILED 3-31-15)
(REVISED 4-15-15)

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

		MECO 2012 Test Year Rate Base		MECO 2015 RAM Rate Base			
		Note (2)					
Line No.	Description	Beg. Balance 12/31/2011	Budgeted Balance 12/31/2012	Adjusted Recorded at 12/31/2014	RAM Projected Amounts	Estimated at 12/31/2015	
	(a)	(b)	(c)	(d) Note (1)	(e) See Detail Below	(f)	
1	Net Cost of Plant in Service	$ 465,783	$ 493,298	$ 573,087	$ 17,824	$ 590,911	
2	Property Held for Future Use	1,303	1,303	[redacted]	[redacted]	[redacted]	
3	Fuel Inventory	18,577	18,577	[redacted]	[redacted]	[redacted]	
4	Materials & Supplies Inventories	13,387	13,387	[redacted]	[redacted]	[redacted]	
5	Unamort Net SFAS 109 Reg Asset	8,405	8,642	[redacted]	[redacted]	[redacted]	
6	Pension Asset	3,453	4,377	[redacted]	[redacted]	[redacted]	
7	Unamort OPEB Reg Asset	344	261	[redacted]	[redacted]	[redacted]	
8	Unamort Sys Dev Costs	1,240	1,487	[redacted]	[redacted]	[redacted]	
9	Contrib in Excess of NPPC	3,101	8,400	[redacted]	[redacted]	[redacted]	
10	CIS Deferred Cost			2,428	(233)	2,195	MECO-WP-D1-001
11	not used			[redacted]	[redacted]	[redacted]	
12	Total Additions	$ 515,593	$ 549,732	$ 628,637	$ 17,591	$ 646,228	
		(21,145)	(22,163)				
13	Unamortized CIAC	$ (74,766)	$ (83,821)	[redacted]	$ (3,268)	$ (91,415)	
14	Customer Advances	(4,649)	(4,599)	[redacted]	[redacted]	[redacted]	
15	Customer Deposits	(4,346)	(4,812)	[redacted]	[redacted]	[redacted]	
16	Accumulated Def Income Taxes	(42,143)	(55,666)	[redacted]	(534)	[redacted]	[redacted]
17	Unamortized State ITC (Gross)	(12,150)	(12,752)	[redacted]	[redacted]	[redacted]	
18	Unearned Interest Income	-	-	[redacted]	[redacted]	[redacted]	
19	Unamortized Gain on Sale	-	-	[redacted]	[redacted]	[redacted]	
20	Total Deductions	$ (138,054)	$ (161,650)	[redacted]	$ (3,802)	[redacted]	
21	Working Cash (Note 3)	10,590	10,590	10,590	[redacted]	10,590	
22	Rate Base at Proposed Rates	$ 388,129	$ 398,672	[redacted]		[redacted]	
23	Average Rate Base		$ 393,401			[redacted]	
24	**Change in Rate Base**					[redacted]	

25	Column (e) Projected Changes to Rate Base:	Reference	Amount
26	Plant - Baseline Capital Project Additions	Schedule D2	42,461
27	Major CIP Project Additions	Schedule D3	-
28	Accumulated Depreciation/Amortization Change	Schedule E	(24,637)
29	Net Plant	Sum Lines 26-28	17,824
30	Accum. Deferred Income Taxes - Baseline and Major Capital Projects	Schedule F	(534)
31	Projected CIAC Additions - Baseline	Schedule G1	(5,175)
32	Projected CIAC Additions - Major CIP	Schedule D3	-
33	Less: Amortization of CIAC	Schedule G	1,908
34	Total Change in CIAC in Rate Base	Sum: Lines 31-33	(3,268)

* Amounts may not add due to rounding

Notes:

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

		Plant in Service	Acc. Depr.	CIAC Net	Schedule D4 ADIT
(A) Unadjusted Balance - recorded		$ 1,049,725	$ (450,273)	[redacted]	$ (85,570)
(A) Add: Asset Retirement Obligation			$ (256)		
(A) Reg Liab-Cost of Removal (net salvage)			$ (27,951)		
Adjustment:					
Lanai CHP*	MECO-WP-D1-002, p. 1	3,500	(536)	-	-
Total Adjustment		$ 3,500	$ (536)	$ -	$ -
Remove ED & PS Clearing Allocation Change		(1,064)	(57)	70	270
Adjusted 2014 Balance		$ 1,052,161	$ (479,073)	$ (88,148)	$ (85,300)

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

(A) Source: Maui Electric Company, Limited Monthly Financial Report - December 2014, filed February 26, 2015.

(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) The accumulated deferred income tax balance has been adjusted to incorporate a revision as shown and described in Schedule K1 - Note 2a.

SCHEDULE J
(NEW 4-15-15)
PAGE 1 OF 1

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

Line No.	Decription (a)	Reference (b)	Amount $000 (c)
1	Adjusted 2014 Target Revenues Subject to GDDPI escalation	MECO-WP-J-001	142,343
2	Gross Domestic Product Price Index (GDPPI)	MECO-WP-C-002	0.0110
3	RAM Cap Increase	Line 1 x 2	1,566
4	Adjusted 2014 RAM Revenue Adjustment	MECO-WP-J-001	8,441
5	RAM Cap for 2015 RAM Revenue Adjustment	Line 3 + 4	10,007

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."

Attachment 3

MECO-WP-J-001
(NEW 4-15-15)
PAGE 1 OF 1

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF ADJUSTED 2014 TARGET REVENUES

Line No.	Description (a)	Reference (b)	Amount $000 (c)	
1	O&M RAM	5/14/14 Decoupling Filing, Sch. A	$ 1,967	
2	Rate Base RAM - Return on Investment	MECO-WP-J-002, p.1	4,633	
3	Depreciation & Amortization RAM Expense	MECO-WP-J-002, p.6	1,841	
4	**2014 Total Adjusted RAM Revenue Adjustment**		**$ 8,441**	Sch J
5	Last Rate Order Target Annual Revenues	Schedule B1	$ 122,340	
6	Earnings Sharing Credit	Schedule B1	$ (334)	
7			$ 122,006	
8	Revenue Tax Factor (1/(1-8.885%))		1.0975	
9	**Last Rate Order Target Annual Revenues plus Revenue Taxes**	Line 7 x 8	**$ 133,902**	
10	**2014 Adjusted Target Revenues subject to GDPPI Escalation**	Line 4 + 9 (Note 1)	**$ 142,343**	Sch J

Note 1 See Decision and 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 commision, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Cap. Accordingly, the 2014 RAM revenue requirement for CIS Deferred Cost is excluded from the 2014 Adjusted Target Revenues subject to GDDPI escalation.

Note 2 Prior to D&O 32735, the Rate Base RAM relied on projections or estimates for major capital projects and baseline additions through

2014 Depreciation Expense	MECO April-2014 Filing, Sch E	$ 2,096,878
Less: Depr on CIP CT-1 & CIS	MECO-WP-J-002, pg. 6	(255,829)
Less: Depr on Energy Deliver & Power Supply Clearing Change	CA-IR-1, Attachment 4, p. 1	-
Total		$ 1,841,049

Note 3 Rate Base RAM - Return on Investment

Rate Base RAM Return on Investment - Current Year (2014)	MECO-WP-J-002, pg. 1	a	$ 4,873
Rate Base RAM Return on Investment - Prior Year (2013)	MECO Settlement, Sch D	b	2,473
Rate Base RAM Return on Investment - Current Year (2014) Incremental		c = a - b	2,401
See Docket No. 2013-0141, D&O 31908, page 49, filed on 2/7/14		d	90%
Rate Base RAM Return on Investment -90% of Current Year (2014) Incremental		e = c x d	2,161
Rate Base RAM Return on Investment - Prior Year (2013)		b	2,473
Rate Base RAM Return on Investment Prior Year + 90% of Current Year Incremental		f = e + b	$ 4,633

Attachment 3

MECO-WP-J-002
(NEW 4-15-15)
PAGE 1 OF 3

SCHEDULE D
(REVISED 5-14-14)
(REVISED 4-15-15)
PAGE 1 OF 1

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

Line No.	Description (a)	AMOUNTS (IN THOUSANDS) (b)	PERCENT OF TOTAL (c)	COST RATE (d)	POST TAX WEIGHTED EARNINGS REQMTS (e)	INCOME TAX FACTOR Note (1) (f)	PRETAX WEIGHTED EARNINGS REQMTS (g)
1	PUC APPROVED CAPITAL STRUCTURE & COSTS (Decision & Order No. 31288, Docket No. 2011-0092, page 113, dated May 31, 2013)	Att. 1A, page 2):					
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%	1.636929121	0.16%
6	Common Equity	231,310	56.86%	9.00%	5.12%	1.636929121	8.38%
7	Total Capitalization	$ 406,800	100.00%		7.34%		10.66%
8	RAM CHANGE IN RATE BASE $000 (From MECO-WP-J-002, p.2)						[redacted]
9	PRETAX RATE OF RETURN (Line 7, Col g)						10.66%
10	PRETAX RETURN REQUIREMENT						[redacted]
11	REVENUE TAX FACTOR (1/(1-8.885%))						1.0975
12	RATE BASE RAM - RETURN ON INVESTMENT $000						[redacted]
13	Less: Exceptional and Other Matters (From MECO-WP-J-002, p. 3)						[redacted]
14	RATE BASE RAM - RETURN ON INVESTMENT $000						[redacted] MECO-WP-J-001

* Amounts may not add due to rounding.

Footnote:

(1) Composite Federal & State Income Tax Rate	38.91%
Income Tax Factor (1 / 1-tax rate)	1.636929121

Attachment 3

MECO-WP-J-002
(NEW 4-15-15)
PAGE 2 OF 3

SCHEDULE D1
(REVISED 5-14-14)
(REVISED 4-15-15)
PAGE 1 OF 1

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

		MECO 2012 Test Year Rate Base		MECO 2014 RAM Rate Base				
		Note (2)		Adjusted		Actual Adjusted		
Line No.	Description	Beg. Balance 12/31/2011	Budgeted Balance 12/31/2012	Recorded at 12/31/2013	RAM Projected Amounts	Recorded at 12/31/2014		
	(a)	(b)	(c)	(d)	(e)	(f)		
				Note (1)	See Detail Below			
1	Net Cost of Plant in Service	$ 465,783	$ 493,298	$ 540,929	$ 15,758	$ 573,087	Note (4)	
2	Property Held for Future Use	1,303	1,303	[redacted]	[redacted]	[redacted]		
3	Fuel Inventory	18,577	18,577	[redacted]	[redacted]	[redacted]		
4	Materials & Supplies Inventories	13,387	13,387	[redacted]	[redacted]	[redacted]		
5	Unamort Net SFAS 109 Reg Asset	8,405	8,642	[redacted]	[redacted]	[redacted]		
6	Pension Asset	3,453	4,377	[redacted]	[redacted]	[redacted]		
7	Unamort OPEB Reg Asset	344	261	[redacted]	[redacted]	[redacted]		
8	Unamort Sys Dev Costs	1,240	1,487	[redacted]	[redacted]	[redacted]		
9	Contrib in Excess of NPPC	3,101	8,400	[redacted]	[redacted]	[redacted]		
10	CIS Deferred Cost			2,661	(233)	2,428	Note (4) & (5)	
11	not used			[redacted]	[redacted]	[redacted]		
12	Total Additions	$ 515,593	$ 549,732	$ 596,712	$ 15,525	$ 628,637		
13	Unamortized CIAC	$ (74,766)	$ (83,821)	$ (85,047)	$ (4,060)	$ (88,148)	Note (4)	
14	Customer Advances	(4,649)	(4,599)	[redacted]	[redacted]	[redacted]		
15	Customer Deposits	(4,346)	(4,812)	[redacted]	[redacted]	[redacted]		
16	Accumulated Def Income Taxes	(42,143)	(55,666)	(70,931)	(522)	$ (85,300)	Note (4)	
17	Unamortized State ITC (Gross)	(12,150)	(12,752)	[redacted]	[redacted]	[redacted]		-143.4296927
18	Unearned Interest Income	-	-	[redacted]	[redacted]	[redacted]		
19	Unamortized Gain on Sale	-	-	[redacted]	[redacted]	[redacted]		
20	Total Deductions	$ (138,054)	$ (161,650)	$ (177,632)	$ (4,582)	$ (194,959)		
21	Working Cash (Note 3)	10,590	10,590	10,590	[redacted]	10,590		
22	Rate Base at Proposed Rates	$ 388,129	$ 398,672	$ 429,670		[redacted]		
23	Average Rate Base		$ 393,401			[redacted]		
24	**Change in Rate Base**					[redacted]	MECO-WP-J-002, p. 1	

Line No.	Column (e) Projected Changes to Rate Base:	Reference	Amount
26	Plant - Baseline Capital Project Additions	Schedule D2	39,082
27	Major CIP Project Additions	Schedule D3	-
28	Accumulated Depreciation/Amortization Change	Schedule E	(23,324)
29	Net Plant	Sum Lines 26-28	15,758
30	Accum. Deferred Income Taxes - Baseline and Major Capital Projects	Schedule F	(522)
31	Projected CIAC Additions - Baseline	Schedule G1	(5,877)
32	Projected CIAC Additions - Major CIP	Schedule D3	-
33	Less: Amortization of CIAC	Schedule G	1,817
34	Total Change in CIAC in Rate Base	Sum: Lines 31-33	(4,060)

* Amounts may not add due to rounding

Notes:

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

			Plant in Service	Acc. Depr.	CIAC Net	Schedule D4 ADIT
(A)	Unadjusted Balance - recorded		$ 1,008,096	$ (438,078)	$ (85,047)	$ (61,994)
(A)	Add: Asset Retirement Obligation			$ (256)		
(A)	Reg Liab-Cost of Removal (net salvage)			$ (31,904)		
	Adjustment:					
	Lanai CHP*	MECO-WP-D1-002, p. 1	3,500	(429)	-	-
	Total Adjustment		$ 3,500	$ (429)	$ -	$ -
	CIS Adjustment	Sch. D4, line 6				$ 54
	ADIT Relating to NOL Carryforward	Sch. D4, line 7				$ (8,360)
	ADIT on IVR	Sch. D4, line 8				$ (97)
	ADIT on ERP	Sch. D4, line 9				$ (91)
	ADIT on Franchise Tax Liability	Sch. D4, line 10				$ (442)
	Adjusted Balance		$ 1,011,596	$ (470,667)	$ (85,047)	$ (70,931)

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

(A) Source: Maui Electric Company, Limited Monthly Financial Report - December 2013, filed February 21, 2014.

(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) See Adjusted Recorded at 12/31/14 for the respective line items per Schedule D1 of Transmittal No. 15-05 (Decoupling) filed on March 31, 2015.

	Plant in Service	Acc. Depr.	CIAC Net	ADIT
Adjusted 2014 Balance (Schedule D1)	$ 1,052,161	$ (479,073)	$ (88,148)	$ (85,300)
Remove ED & PS Clearing Allocation Change	-	-	-	-
Adjusted 2014 Balance	$ 1,052,161	$ (479,073)	$ (88,148)	$ (85,300)

(5) The revenue requirement impact of the CIS Deferred Cost balances are separately calculated on WP-J-002, page 3, therefore, there are no adjustments of this balance reflected on this workpaper.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **DIVISION OF CONSUMER ADVOCACY'S STATEMENT OF POSITION** was duly served upon the following parties, by personal service, hand delivery, and/or U.S. mail, postage prepaid, and properly addressed pursuant to HAR § 6-61-21(d).

DEAN K. MATSUURA MANAGER, REGULATORY AFFAIRS Hawaiian Electric Company, Inc. P. O. Box 2750 Honolulu, Hawaii 96840	1 copy by hand delivery

DATED: Honolulu, Hawaii, May 15, 2015.