



12/14/16
GEN. FILE
C: BYE, LHA, TCG,
DP, MA, CI

FILED

JOSEPH P. VIOLA
Vice President
Regulatory Affairs

December 14, 2016

2016 DEC 14 P 3:47

PUBLIC UTILITIES
COMMISSION

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

Dear Commissioners:

Subject: Rate Adjustment Mechanism ("RAM") Regulatory Asset
Hawaiian Electric's Response to PUC-IR-1

Attached is Hawaiian Electric's response to the Commission's information request PUC-IR-1 submitted on December 7, 2016.

If you have any questions on this matter, please contact Dean Matsuura at 543-4622.

Very truly yours,

Joseph P. Viola
Vice President
Regulatory Affairs

Attachment

cc: Division of Consumer Advocacy

PUC-HECO-IR-1

Reference: HECO Companies' Letter responding to Commission's informal information request during the 2016 decoupling presentation, from: Tayne S. Y. Sekimura to: Commission, dated November 1, 2016

Please provide the following information regarding the "Rate Adjustment Mechanism (RAM)" Regulatory Asset Account (Account) for the Hawaiian Electric Company, Inc. (HECO):

- (a) Provide documentation showing all monthly entries and balances in the Account from its inception through June 1, 2017;
- (b) Explain the basis for the Account entries for January through May of 2017;
- (c) If any entries in the Account, from its inception through June 1, 2017, are not currently known or determinable, please explain in detail which entries are not currently determinable, what unknown information is missing and required, and when this information will become known and determinable;
- (d) Verify that the balance in the Account after May 31, 2017, will be zero and will not change thereafter. If you are not able to verify that the balance will be zero after May 31, 2017, clarify and explain in detail the reasons for any outstanding non-zero balances, or any further balance changes.

Hawaiian Electric's Response:

- a. Please see Attachment 1.
- b. The accounting entries for the period January through May 2017 are to wind-down the balance in the RAM Regulatory Asset Account related to the Stipulated Settlement Agreement dated January 28, 2013, filed in Docket No. 2008-0083 and approved by the Commission in Order No. 31126, issued on March 19, 2013. For the period 2014 through 2016, the Company recorded the RAM revenues in the respective calendar year in accordance with the Stipulated Settlement Agreement. In order to align the revenue recognition in the period to the revenues described in the Stipulated Settlement Agreement, the five months of 2013 RAM revenues that were collected in January-May 2014 were not recorded as revenues, so as not to overlap with the accrual of the 2014 RAM revenues in the same January-May 2014 period. The five months of 2013 RAM revenues which were not recognized as revenues for accounting purposes when they were collected in 2014 will

be recorded for accounting purposes in 2017. Since these amounts have already been collected from customers, the balance is currently a credit balance in the RAM Regulatory Asset account. The accounting entry to record the revenues will be to debit the RAM Regulatory Asset account and credit Revenues. With the entries in January through May 2017, the aggregate amount of revenues collected and revenues recognized (recorded for accounting purposes) for the period 2014 through May 2017 is the same as what the aggregate amount of revenue collected and recognized would have been if there had not been Stipulated Settlement Agreement provision to recognize RAM revenues for the 2014 through 2016 period on a calendar year basis.

- c. The expected entries to be made to the RAM Regulatory Asset Account based on the wind-down of the Stipulated Settlement Agreement are known.
- d. The balance in the RAM Regulatory Asset Account will be zero after May 31, 2017.

Hawaiian Electric Company, Inc. (Oahu)
2014-2017 RAM Regulatory Asset (incl. Rev Taxes)

Month	GL#18670199-RAM Reg Asset						Revenue Taxes Gross Up								Total Regulatory Asset
	Beg Bal	Accrual	Amortization	Wind Down	Reclass	End Bal	GL#18670300-RBA Rev Tax Gross-up				GL#18670299-Reg Asset-RAM Rev Tax Gross up				
							Beg Bal	RAM Accrual	Amortization	Reclass	RAM Accrual	Amortization	Reclass	End Bal	
a = prior month e	b	c	d	e	f = sum a-e	g = prior month m	h	i	j	k	l	m	n = sum g-n	o = f+n	
2014															
JAN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FEB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MAR	-	14,904,447	(8,209,637)	-	-	6,694,810	-	1,453,395	(800,556)	-	-	-	-	652,839	7,347,649
APR	6,694,810	4,980,856	(2,743,545)	-	-	8,932,121	652,839	485,703	(267,534)	-	-	-	-	871,008	9,803,129
MAY Adj)	8,932,121	(134,856) A	-	-	-	8,797,265	871,008	(13,150) A	-	-	-	-	-	857,858	9,655,123
MAY	8,797,265	5,325,680	(2,953,510)	-	-	11,169,435	857,858	519,329	(288,009)	-	-	-	-	1,089,178	12,258,613
JUN	11,169,435	5,344,610	-	B	-	16,514,045	1,089,178	521,175	(521,175)	-	-	-	-	1,089,178	17,603,223
JUL	16,514,045	5,533,911	(5,533,911)	-	(5,344,610) B	11,169,435	1,089,178	539,635	(539,635)	-	-	-	-	1,089,178	12,258,613
AUG	11,169,435	5,704,283	(5,704,283)	-	-	11,169,435	1,089,178	556,248	(556,248)	-	-	-	-	1,089,178	12,258,613
SEP	11,169,435	5,477,122	(5,477,122)	-	-	11,169,435	1,089,178	534,097	(534,097)	-	-	-	-	1,089,178	12,258,613
OCT	11,169,435	5,540,221	(5,540,221)	-	-	11,169,435	1,089,178	540,250	(540,250)	-	-	-	-	1,089,178	12,258,613
NOV	11,169,435	5,212,099	(5,212,099)	-	-	11,169,435	1,089,178	508,253	(508,253)	-	-	-	-	1,089,178	12,258,613
DEC	11,169,435	5,212,099	(5,212,099)	-	-	11,169,435	1,089,178	508,253	(508,253)	-	-	-	-	1,089,178	12,258,613
2015															
JAN	11,169,435	-	-	-	-	11,169,435	1,089,178	-	-	-	-	-	-	1,089,178	12,258,613
FEB	11,169,435	-	-	-	-	11,169,435	1,089,178	-	-	-	-	-	-	1,089,178	12,258,613
MAR	11,169,435	19,148,879	(14,803,370)	-	-	15,514,944	1,089,178	1,867,286	(1,443,538)	-	-	-	-	1,512,926	17,027,870
APR	15,514,944	6,400,403	(4,947,077)	-	-	16,968,270	1,512,926	624,130	(482,410)	-	-	-	-	1,654,646	18,622,916
MAY	16,968,270	3,029,494	(5,325,680)	-	-	14,672,084	1,654,646	295,418	(519,329)	-	-	-	-	1,430,735	16,102,819
JUN	14,672,084	4,666,785	(4,666,785)	-	-	14,672,084	1,430,735	455,078	(455,078)	-	-	-	-	1,430,735	16,102,819
JUL	14,672,084	6,309,325	(6,309,325)	-	-	14,672,084	1,430,735	615,248	(615,248)	-	-	-	-	1,430,735	16,102,819
AUG	14,672,084	6,492,613	(6,492,613)	-	-	14,672,084	1,430,735	633,121	(633,121)	-	-	-	-	1,430,735	16,102,819
SEP	14,672,084	6,245,879	(6,245,879)	-	-	14,672,084	1,430,735	609,062	(609,062)	-	-	-	-	1,430,735	16,102,819
OCT	14,672,084	6,316,374	(6,316,374)	-	-	14,672,084	1,430,735	615,936	(615,936)	-	-	-	-	1,430,735	16,102,819
NOV	14,672,084	5,942,750	(5,942,750)	-	-	14,672,084	1,430,735	579,502	(579,502)	-	-	-	-	1,430,735	16,102,819
DEC	14,672,084	5,942,750	(5,942,750)	-	-	14,672,084	1,430,735	579,502	(579,502)	-	-	-	-	1,430,735	16,102,819
2016															
JAN	14,672,084	-	-	-	-	14,672,084	1,430,735	-	-	-	-	-	-	1,430,735	16,102,819
FEB	14,672,084	-	-	-	-	14,672,084	1,430,735	-	-	(1,430,735) C	-	-	1,430,735 C	1,430,735	16,102,819
MAR	14,672,084	18,895,015	(16,869,514)	-	-	16,697,585	1,430,735	-	-	-	1,842,531	(1,645,016)	-	1,628,250	18,325,835
APR	16,697,585	6,314,447	(5,639,620)	-	-	17,372,412	1,628,250	-	-	-	615,748	(549,943)	-	1,694,055	19,066,467
MAY	17,372,412	6,797,696	(6,069,641)	-	-	18,100,467	1,694,055	-	-	-	662,871	(591,876)	-	1,765,050	19,865,517
JUN	18,100,467	6,821,857	(6,821,857)	-	-	18,100,467	1,765,050	-	-	-	665,228	(665,228)	-	1,765,050	19,865,517
JUL	18,100,467	7,063,482	(7,063,482)	-	-	18,100,467	1,765,050	-	-	-	688,789	(688,789)	-	1,765,050	19,865,517
AUG	18,100,467	7,280,944	(7,280,944)	-	-	18,100,467	1,765,050	-	-	-	709,995	(709,995)	-	1,765,050	19,865,517
SEP	18,100,467	6,990,995	(6,990,995)	-	-	18,100,467	1,765,050	-	-	-	681,721	(681,721)	-	1,765,050	19,865,517
OCT	18,100,467	7,071,536	(7,071,536)	-	-	18,100,467	1,765,050	-	-	-	689,575	(689,575)	-	1,765,050	19,865,517
NOV	18,100,467	6,652,721	(6,652,721)	-	-	18,100,467	1,765,050	-	-	-	648,734	(648,734)	-	1,765,050	19,865,517
DEC	18,100,467	6,652,721	(6,652,721)	-	-	18,100,467	1,765,050	-	-	-	648,734	(648,734)	-	1,765,050	19,865,517
2017															
JAN	18,100,467	-	(6,523,854)	2,834,529	-	14,411,142	1,765,050	-	-	-	276,407	(636,168)	-	1,405,289	15,816,431
FEB	14,411,142	-	(5,847,306)	2,540,579	-	11,104,415	1,405,289	-	-	-	247,742	(570,195)	-	1,082,836	12,187,251
MAR	11,104,415	-	(6,523,855)	2,834,529	-	7,415,089	1,082,836	-	-	-	276,407	(636,168)	-	723,075	8,138,164
APR	7,415,089	-	(6,314,447)	2,743,545	-	3,844,187	374,861	-	-	-	267,534	(615,748)	-	374,861	4,219,048
MAY	3,844,187	-	(6,797,697)	2,953,510	-	-	-	-	-	-	288,009	(662,870)	-	-	-

A Amortization of accelerated RAM was erroneously recorded into GL#18670300 - RBA Regulatory Asset Instead of GL#18670199 - RAM Regulatory Asset. This error was corrected in July 2014 by reclassifying \$5,344,610 between these two accounts.

B This adjustment was made to true-up the 2014 RAM accruals for the period from January through April 2014 based on the RAM Revenue Adjustment amount in the Transmittal 14-03 filed by the Company on May 22, 2014, and approved by PUC Order No. 32112 on May 30, 2014.

C The RAM revenue tax gross up as of \$1,430,735 as of 1/30/16 was transferred from GL#18670300 - RBA Rev Tax Gross-up to GL#18670299 - Reg Asset - RAM Rev Tax Gross up in February 2016.

Hawaiian Electric Co., Inc.
RAM Regulatory Asset (GL# 18670199)

	RAM Reg Asset		2015 RAM		Accrual	Amort of "Billed" Target Revenues				RAM Reg Asset Ending Balance
	Beginning Balance	Distribution %	Distribution % [2]		RAM Accrual c = annual target a b or b1	2013 RAM	2014 RAM	2015 RAM	2016 RAM	
	a	b	b1			d = annual target > b or b1				e = a+c+d
2014										
JAN	-	8.10%	-		5,609,546.00	(3,110,936.00)	-	-	-	2,498,610.00
FEB	2,498,610.00	7.26%	-		5,027,816.00	(2,788,321.00)	-	-	-	4,738,105.00
MAR	4,738,105.00	8.10%	-		5,609,546.00	(3,110,936.00)	-	-	-	7,236,715.00
APR	7,236,715.00	7.84%	-		5,429,487.00	(3,011,079.00)	-	-	-	9,655,123.00
MAY	9,655,123.00	8.44%	-		5,845,009.00	(3,241,519.00)	-	-	-	12,258,613.00
JUN	12,258,613.00	8.47%	-		5,865,785.00	-	(5,865,785.00)	-	-	12,258,613.00
JUL	12,258,613.00	8.77%	-		6,073,546.00	-	(6,073,546.00)	-	-	12,258,613.00
AUG	12,258,613.00	9.04%	-		6,260,531.00	-	(6,260,531.00)	-	-	12,258,613.00
SEP	12,258,613.00	8.68%	-		6,011,218.00	-	(6,011,218.00)	-	-	12,258,613.00
OCT	12,258,613.00	8.78%	-		6,080,471.00	-	(6,080,471.00)	-	-	12,258,613.00
NOV	12,258,613.00	8.26%	-		5,720,352.00	-	(5,720,352.00)	-	-	12,258,613.00
DEC	12,258,613.00	8.26%	-		5,720,352.00	-	(5,720,352.00)	-	-	12,258,613.00
					2014 Annual Target	69,253,659.00	(15,262,791.00)	(41,732,255.00)	-	-
2015										
JAN	12,258,613.00	8.10%	8.26%		-	-	-	-	-	12,258,613.00
FEB	12,258,613.00	7.26%	7.41%		-	-	-	-	-	12,258,613.00
MAR	12,258,613.00	8.10%	8.26%		18,514,530.00	-	(16,246,908.00)	-	-	14,526,235.00
APR	14,526,235.00	7.84%	8.00%		6,189,563.00	-	(5,429,487.00)	-	-	15,286,311.00
MAY	15,286,311.00	8.44%	8.61%		6,661,517.00	-	(5,845,009.00)	-	-	16,102,819.00
JUN	16,102,819.00	8.47%	6.62%		5,121,863.00	-	-	(5,121,863.00)	-	16,102,819.00
JUL	16,102,819.00	8.77%	8.95%		6,924,573.00	-	-	(6,924,573.00)	-	16,102,819.00
AUG	16,102,819.00	9.04%	9.21%		7,125,734.00	-	-	(7,125,734.00)	-	16,102,819.00
SEP	16,102,819.00	8.68%	8.86%		6,854,941.00	-	-	(6,854,941.00)	-	16,102,819.00
OCT	16,102,819.00	8.78%	8.96%		6,932,310.00	-	-	(6,932,310.00)	-	16,102,819.00
NOV	16,102,819.00	8.26%	8.43%		6,522,252.00	-	-	(6,522,252.00)	-	16,102,819.00
DEC	16,102,819.00	8.26%	8.43%		6,522,252.00	-	-	(6,522,252.00)	-	16,102,819.00
					2015 Annual Target	77,369,535.00 [1]	(27,521,404.00)	(46,003,925.00)	-	-
						Total 2014 RAM Amortization	(69,253,659.00)	-	-	-
2016										
JAN	16,102,819.00	8.10%	8.26%		-	-	-	-	-	16,102,819.00
FEB	16,102,819.00	7.26%	7.41%		-	-	-	-	-	16,102,819.00
MAR	16,102,819.00	8.10%	8.26%		20,737,546.00	-	-	(18,514,530.00)	-	18,325,835.00
APR	18,325,835.00	7.84%	8.00%		6,930,195.00	-	-	(6,189,563.00)	-	19,066,467.00
MAY	19,066,467.00	8.44%	8.61%		7,460,567.00	-	-	(6,661,517.00)	-	19,865,517.00
JUN	19,865,517.00	8.47%	6.62%		7,487,085.00	-	-	-	(7,487,085.00)	19,865,517.00
JUL	19,865,517.00	8.77%	8.95%		7,752,271.00	-	-	-	(7,752,271.00)	19,865,517.00
AUG	19,865,517.00	9.04%	9.21%		7,990,939.00	-	-	-	(7,990,939.00)	19,865,517.00
SEP	19,865,517.00	8.68%	8.86%		7,672,716.00	-	-	-	(7,672,716.00)	19,865,517.00
OCT	19,865,517.00	8.78%	8.96%		7,761,111.00	-	-	-	(7,761,111.00)	19,865,517.00
NOV	19,865,517.00	8.26%	8.43%		7,301,455.00	-	-	-	(7,301,455.00)	19,865,517.00
DEC	19,865,517.00	8.26%	8.43%		7,301,455.00	-	-	-	(7,301,455.00)	19,865,517.00
					2016 Annual Target	88,395,340.00 [3]	(31,365,610.00)	(53,267,032.00)	-	-
						Total 2015 RAM Amortization	(77,369,535.00)	-	-	-
2017										
JAN	19,865,517.00	8.10%	-		-	3,110,936.00	-	-	(7,160,022.00)	15,816,431.00
FEB	15,816,431.00	7.26%	-		-	2,788,321.00	-	-	(6,417,501.00)	12,187,251.00
MAR	12,187,251.00	8.10%	-		-	3,110,936.00	-	-	(7,160,023.00)	8,138,164.00
APR	8,138,164.00	7.84%	-		-	3,011,079.00	-	-	(6,930,195.00)	4,219,048.00
MAY	4,219,048.00	8.44%	-		-	3,241,519.00	-	-	(7,460,567.00)	-
JUN	-	8.47%	-		-	-	-	-	-	-
JUL	-	8.77%	-		-	-	-	-	-	-
AUG	-	9.04%	-		-	-	-	-	-	-
SEP	-	8.68%	-		-	-	-	-	-	-
OCT	-	8.78%	-		-	-	-	-	-	-
NOV	-	8.26%	-		-	-	-	-	-	-
DEC	-	8.26%	-		-	-	-	-	-	-
						15,262,791.00	-	-	(35,128,308.00)	-
						Total 2016 RAM Amortization	(88,395,340.00)	-	-	-

Tickmark Legend

[1] Per Schedule A of 2015 Decoupling filing filed 6/3/15.

[2] Per Schedule B1 of 2015 Decoupling filing filed 6/3/15. Derivation of RAM Revenue Allocation, for June 8, 2015 to May 31, 2016.

[3] Per Schedule A of 2016 Decoupling filing filed 3/31/16.