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Vice President  
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June 3, 2015

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

PUBLIC UTILITIES  
COMMISSION

Dear Commissioners:

Subject: Transmittal No. 15-04 (Decoupling)  
Hawai'i Electric Light's 2015 RBA Rate Adjustment Tariff Filing  
Final Revised RBA Rate Adjustment

In accordance with Order No. 32866, enclosed for filing is Hawai'i Electric Light Company, Inc.'s ("Hawai'i Electric Light" or "Company") final revised RBA Rate Adjustment of 1.3971¢ per kilowatt-hour ("kWh"), effective June 8, 2015.

This filing includes the following attachments:

1. Summary of revisions in compliance with Order No. 32866 in Attachment 1;
2. Revised tariff sheets (in clean and blacklined versions) in compliance with Order No. 32866 including the Company's final revised RBA Rate Adjustment rate in Attachment 2; and
3. Final Revised 2015 Decoupling Calculation Workbook and support (revised pages are noted and changes highlighted) in Attachment 3.

Based on the revised calculations, Hawai'i Electric Light's 2015 RBA Rate Adjustment of 1.3971¢ per kWh is 0.1746¢ higher than the 2014 RBA Rate Adjustment that was previously in effect. The impact of the 2015 RBA Rate Adjustment on a typical residential customer's 500 kWh bill is an increase of \$0.88 from the impact of the 2014 RBA Rate Adjustment.

The Honorable Chair and Members of  
the Hawai'i Public Utilities Commission  
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If you have any questions, please call Dean Matsuura at 543-4622.

Very truly yours,



Joseph P. Viola  
Vice President  
Regulatory Affairs

Attachments

cc: Division of Consumer Advocacy

TRANSMITTAL NOS. 15-03, 15-04 AND 15-05 (DECOUPLING)  
2015 RBA RATE ADJUSTMENT TARIFFS  
HAWAIIAN ELECTRIC COMPANIES' REVISIONS PER ORDER NO. 32866

In accordance with Order No. 32866, the Companies have made the following revisions to their 2015 Amended RBA Rate Adjustment calculations and tariffs filed April 15, 2015.

Depreciation and Amortization Expenses (Order No. 32866, pages 7-9)

As the Commission ordered, the Companies adjusted their RAM Cap calculation as stated in their May 11, 2015 and May 21, 2015 filings in order to reduce the RAM Cap for the amount in excess of the 2015 Depreciation and Amortization expense. The effect of this adjustment is a reduction of \$2.2 million to the RAM Cap for all three Companies: \$1.45 million for Hawaiian Electric, \$0.29 million for Maui Electric and \$0.47 million for Hawai'i Electric Light.<sup>1</sup>

Elimination of 90% Factor (Order No. 32866, pages 10-11)

The Commission ordered no further revisions.

Allocation of Energy Delivery and Power Supply On-Costs (Order No. 32866, pages 11-15)

In accordance with Order No. 32866, paragraph 18, the Companies adjusted the 2015 RAM Revenue Adjustment to reflect the O&M expense reduction impacts associated with the change in on-cost clearing allocation identified by the Companies in their response to CA-IR-1(b). These adjustments can be found on Schedule A, Note (3) for each of the three Companies, and are equal to the amounts shown in footnote 14 in Order No. 32866, grossed up by a factor of 1.0975 for revenue taxes. The adjustments result in a decrease to 2015 Total RAM Revenue Adjustment Allowed of \$9.09 million for Hawaiian Electric, \$1.33 million for Maui Electric and \$0.52 million for Hawaii Electric Light.

Sales Forecast (Order No. 32866, page 15)

The Companies used the updated December 2014 sales forecasts as the Consumer Advocate recommended in its Statement of Position and as the Companies agreed to in their response to CA-IR-15. There were no further revisions ordered.

Forecasted Versus Historical GDPPI (Order No. 32866, page 16)

There were no further revisions ordered.

Bonus Depreciation (Order No. 32866, pages 16-21)

In accordance with Order No. 32866, paragraph 31, the Companies made a one-time adjustment related to the extension of 2014 bonus depreciation in the 2014 RAM period. The one-time adjustment is reflected on Schedule A – Note (3), and results in a decrease to RAM revenues of

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<sup>1</sup> Transmittal Nos. 15-03, 15-04 and 15-05 (Decoupling) Amended RBA Rate Adjustment Tariff Filing, May 11, 2015, page 9; Transmittal Nos. 15-03, 15-04 and 15-05 (Decoupling) Response to the Consumer Advocate's Statement of Position and Revised RBA Rate Adjustment, May 21, 2015, Attachment 1, page 5; and Order No. 32866, page 9.

\$1.67 million for Hawaiian Electric, \$0.43 million for Hawaii Electric Light and \$0.30 million for Maui Electric.

RBA Accounting for Billing Adjustments (Order No. 32866, page 21)

No adjustments are necessary at this time. The Companies will work with the Consumer Advocate on this issue on a prospective basis.

RAM Tariff Amendments (Order No. 32866, pages 21-23)

The Companies have made two modifications to their proposed RAM tariffs filed April 15, 2015: 1) from the proposed new section “RAM Revenue Adjustment Cap”, the Companies have removed the proposed addition in the last sentence “...plus the adjusted calculation of the 2014 RAM Revenue Adjustment described above” and have ended the sentence with a period after the immediately preceding word “taxes”; and 2) the proposed new section “Provision for Recovery of Major Projects and Consolidated Baseline Projects” has been deleted entirely.

June 8, 2015 Effective Date (Order No. 32866, page 24)

In order to comply with Order No. 32866 and file the revised transmittals with a June 8, 2015 effective date and comply with their current tariffs which had an RBA Rate Adjustment rate from June 1, 2014 to May 31, 2015, the Companies on May 29, 2015 filed tariff sheets that reflected an RBA Rate Adjustment of 0.0¢ per kWh, effective June 1, 2015 through June 7, 2015. Therefore, the Companies made adjustments in this filing to reflect the collection of the revised Total RBA Revenue Adjustment over the period June 8, 2015 to May 31, 2016.

Based on the foregoing, the Companies have revised their 2015 RBA Rate Adjustment filings in accordance with Order No. 32866. The Companies have incorporated these changes in Attachments 2 and 3 of this filing, and provided a summary of the impact of these adjustments in Attachment 1A.

Summary of Amended Decoupling Tariff Filing  
Comparison of 4/15/15 and 6/3/15 Filing

	Company 4/15/15 Filing (Order No. 32735)	Company 6/3/15 Filing (Order No. 32866)	Difference
<b>Hawaiian Electric</b>			
RBA	\$63,439,943	\$63,439,943	\$0
RAM	\$89,586,893	\$77,369,535	(\$12,217,358)
Total	\$153,026,836	\$140,809,478	(\$12,217,358)
Sales, GWh	6,892.800	6,680.400	(212.400)
Rate Adj, cents per kWh	2.2201	2.1078	(0.1123)
Monthly bill impact (600 kWh)	\$13.32	\$12.65	(\$0.67)
Monthly bill impact (500 kWh)		\$10.54	
<b>Hawaii Electric Light</b>			
RBA	\$8,234,363	\$8,234,363	\$0
RAM	\$7,178,993	\$6,231,665	(\$947,328)
Total	\$15,413,356	\$14,466,029	(\$947,328)
Sales, GWh	1,068.581	1,035.400	(33.181)
Rate Adj, cents per kWh	1.4424	1.3971	(0.0453)
Monthly bill impact (500 kWh)	\$7.21	\$6.99	(\$0.22)
<b>Maui Electric</b>			
RBA	\$7,451,513	\$7,451,513	\$0
RAM	\$12,038,517	\$10,122,159	(\$1,916,358)
Earnings Sharing Credit	(\$520,522)	(\$520,522)	\$0
Total	\$18,969,507	\$17,053,150	(\$1,916,358)
Sales, GWh	1,101.025	1,066.700	(34.325)
Rate Adj, cents per kWh	1.7229	1.5987	(0.1242)
Monthly bill impact (600 kWh)			
Maui (600 kWh)	\$10.34	\$9.59	(\$0.75)
Maui (500 kWh)		\$7.99	
Molokai/Lanai (400 kWh)	\$6.89	\$6.39	(\$0.50)

The difference column above reflects the following four adjustments made since the Companies' April 15, 2015 revised annual decoupling filings, and incorporate the changes directed in the Commission's Order No. 32866.

**(1) Adjustment For On-Cost Methodology Change**

In accordance with Order No. 32866, paragraph 18, the Companies adjusted the 2015 RAM Revenue Adjustment to reflect the O&M expense reduction impacts associated with the change in on-cost clearing allocation identified by the Companies in response to CA-IR-1(b). These

adjustments can be found on Schedule A, Note (3) for each of the three Companies, and agree to footnote 14 in Order No. 32866. The adjustments result in a decrease to 2015 Total RAM Revenue Adjustment Allowed of \$9.09 million for Hawaiian Electric, \$1.33 million for Maui Electric and \$0.52 million for Hawaii Electric Light.

**(2) Adjustment To Remove GDPPI On 2015 Depreciation**

As discussed on page 9 of the Companies' May 11, 2015 letter, the Companies made downward adjustments to the RAM Cap for the amounts in excess of 2015 depreciation and amortization expense that resulted from GDDPI escalation of 2015 depreciation and amortization expense used in the 2014 target revenue base. Paragraph 7 of Order No. 32866 also directs the Companies to make these adjustments. The adjustments can be found on Schedule J and WP-J-003, and result in a decrease to RAM revenues of \$1.45 million for Hawaiian Electric and \$0.29 million for Maui Electric. Hawaii Electric Light's RAM calculation per the "existing tariff" remains less than the RAM Cap; therefore, no change to the RAM Allowed was made for Hawaii Electric Light.

**(3) Adjustment To Sales Forecast and RAM Revenue Allocation Percentages For Recovery Starting June 8, 2015**

In their May 11, 2015 filings, the Companies submitted revised sales forecast in Schedule A to reflect updated information as stated in the Companies' response to CA-IR-15. The previously submitted sales forecasts have been adjusted on WP-A-001 and Schedule A for all Companies to reflect recovery over the period June 8, 2015 to May 31, 2016. The monthly revenue allocation percentages on Schedule B1 have also been adjusted to reflect recovery of the Net RAM Adjustment amount and for MECO, the Net Earnings Sharing Revenue Credits, over the period June 8, 2015 to May 31, 2016. The monthly allocation percentages used for the Last Rate Order Target Annual Revenues remain unchanged.

**(4) One Time Adjustment For Bonus Depreciation**

In accordance with Order No. 32866, paragraph 31, the Companies made a one-time adjustment related to the extension of 2014 bonus depreciation in the 2014 RAM period. The one-time adjustment is reflected on Schedule A – Note (3), and results in a decrease to RAM revenues of \$1.67 million for Hawaiian Electric, \$0.43 million for Hawaii Electric Light and \$0.30 million for Maui Electric.

## ATTACHMENT 2

RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Effective Date</u>	<u>Character of Service</u>
89B	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
89C	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
89D	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
89E	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
89F	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
89G	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
89H	'RAM'	June 8, 2015	Rate Adjustment Mechanism Provision
89I	'RAM'	June 8, 2015	Rate Adjustment Mechanism Provision
90	"PPAC"	June 1, 2015	Purchased Power Adjustment Clause
90A	"PPAC"	June 1, 2015	Purchased Power Adjustment Clause
90B	"PPAC"	April 9, 2012	Purchased Power Adjustment Clause
91	"RBA"	June 1, 2013	Revenue Balancing Account Provision
91A	"RBA"	June 1, 2013	Revenue Balancing Account Provision
91B	"RBA"	March 1, 2014	Revenue Balancing Account Provision
91C	"RBA"	June 8, 2015	Revenue Balancing Account Provision
91D	"RBA"	June 1, 2013	Revenue Balancing Account Provision

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated June 3, 2015.



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

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

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

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

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

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

RBA Rate Adjustment

All Rate Schedules ..... 1.3971 ¢/kWh

HAWAII ELECTRIC LIGHT COMPANY, INC.

RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Effective Date</u>	<u>Character of Service</u>
89B	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
89C	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
89D	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
89E	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
89F	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
89G	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
89H	'RAM'	June 8, 2015	Rate Adjustment Mechanism Provision
89I	'RAM'	June 8, 2015	Rate Adjustment Mechanism Provision
90	"PPAC"	June 1, 2015	Purchased Power Adjustment Clause
90A	"PPAC"	June 1, 2015	Purchased Power Adjustment Clause
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91A	"RBA"	June 1, 2013	Revenue Balancing Account Provision
91B	"RBA"	March 1, 2014	Revenue Balancing Account Provision
91C	"RBA"	June 8, 2015	Revenue Balancing Account Provision
91D	"RBA"	June 1, 2013	Revenue Balancing Account Provision

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

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RATE ADJUSTMENT MECHANISM PROVISION

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

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

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

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

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

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

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

RATE ADJUSTMENT MECHANISM PROVISION

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

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

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

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

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

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

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

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RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

Rate Adjustment Mechanism

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

Evaluation Period Earnings Sharing:

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

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Capital Projects Credits recorded during the Evaluation Period, and

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

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

RAM Period RAM Revenue Adjustment Calculation:

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

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RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

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RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

g.) See also Settlement Agreement section below.

RAM REVENUE ADJUSTMENT CAP

The RAM Basis for the calculation of the RAM Revenue Adjustment Cap shall be the target revenues determined in accordance with the RBA tariff based on the results of the Company's most recent final rate case decision. The RAM Basis shall be adjusted 1) as described below in the determination of the 2014 Rate Base RAM - Return on Investment Adjustment and the 2014 Depreciation and Amortization RAM Adjustment, and 2) to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically ordered by the Commission, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Revenue Adjustment Cap.

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

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

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RATE ADJUSTMENT MECHANISM PROVISION (continued)

Exception to the calculation of the RAM Revenue Adjustment Cap:

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

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

Evaluation Procedures

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

Notice

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

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

SETTLEMENT AGREEMENT

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

COMMISSION'S AUTHORITY

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

# ATTACHMENT 2A

Superseding Sheet No. 50D  
 Effective ~~May 1, 2015~~ June 1, 2015  
~~2015~~ June 8, 2015

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

RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Effective Date</u>	<u>Character of Service</u>
89B	"RAM"	<del>March 30, 2014</del> <u>June 8, 2015</u>	Rate
	Adjustment Mechanism		Provision
89C	"RAM"	<del>October 11, 2012</del> <u>June 8, 2015</u>	Rate
	Adjustment Mechanism		Provision
89D	"RAM"	<del>March 30, 2014</del> <u>June 8, 2015</u>	Rate
	Adjustment Mechanism		Provision
89E	"RAM"	<del>March 30, 2014</del> <u>June 8, 2015</u>	Rate
	Adjustment Mechanism		Provision
89F	"RAM"	<del>March 30, 2014</del> <u>June 8, 2015</u>	Rate
	Adjustment Mechanism		Provision
89G	"RAM"	<del>June 1, 2013</del> <u>June 8, 2015</u>	Rate Adjustment
	Mechanism		Provision
89H	'RAM'	<del>June 1, 2013</del> <u>June 8, 2015</u>	Rate Adjustment
	Mechanism		Provision
<u>89I</u>	<u>'RAM'</u>	<u>June 8, 2015</u>	<u>Rate Adjustment Mechanism</u>
			<u>Provision</u>
90	"PPAC"	June 1, 2015	Purchased Power Adjustment Clause
90A	"PPAC"	June 1, 2015	Purchased Power Adjustment Clause
90B	"PPAC"	April 9, 2012	Purchased Power Adjustment Clause
91	"RBA"	June 1, 2013	Revenue Balancing Account Provision
91A	"RBA"	June 1, 2013	Revenue Balancing Account Provision
91B	"RBA"	March 1, 2014	Revenue Balancing Account Provision
91C	"RBA"	<del>June 1, 2014</del> <u>June 8, 2015</u>	Revenue Balancing
	Account		Provision
91D	"RBA"	June 1, 2013	Revenue Balancing Account Provision

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated ~~June 1, 2015~~ June 3, 2015.

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

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

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

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

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

E: REVENUE BALANCING ACCOUNT RATE ADJUSTMENT:

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

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

RBA Rate Adjustment

All Rate Schedules ..... ~~0.0000~~1.3971 ¢/kWh

HAWAII ELECTRIC LIGHT COMPANY, INC.

Superseding Sheet No. 50D  
 Effective ~~May 1, 2015~~ June 1, 2015  
~~2015~~ June 8, 2015

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

RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Effective Date</u>	<u>Character of Service</u>
89B	"RAM"	<del>March 30, 2014</del> <u>June 8, 2015</u>	Rate
	Adjustment Mechanism		Provision
89C	"RAM"	<del>October 11, 2012</del> <u>June 8, 2015</u>	Rate
	Adjustment Mechanism		Provision
89D	"RAM"	<del>March 30, 2014</del> <u>June 8, 2015</u>	Rate
	Adjustment Mechanism		Provision
89E	"RAM"	<del>March 30, 2014</del> <u>June 8, 2015</u>	Rate
	Adjustment Mechanism		Provision
89F	"RAM"	<del>March 30, 2014</del> <u>June 8, 2015</u>	Rate
	Adjustment Mechanism		Provision
89G	"RAM"	<del>June 1, 2013</del> <u>June 8, 2015</u>	Rate Adjustment
	Mechanism		Provision
89H	'RAM'	<del>June 1, 2013</del> <u>June 8, 2015</u>	Rate Adjustment
	Mechanism		Provision
<u>89I</u>	<u>'RAM'</u>	<u>June 8, 2015</u>	<u>Rate Adjustment Mechanism</u>
			<u>Provision</u>
90	"PPAC"	June 1, 2015	Purchased Power Adjustment Clause
90A	"PPAC"	June 1, 2015	Purchased Power Adjustment Clause
90B	"PPAC"	April 9, 2012	Purchased Power Adjustment Clause
91	"RBA"	June 1, 2013	Revenue Balancing Account Provision
91A	"RBA"	June 1, 2013	Revenue Balancing Account Provision
91B	"RBA"	March 1, 2014	Revenue Balancing Account Provision
91C	"RBA"	<del>June 1, 2014</del> <u>June 8, 2015</u>	Revenue Balancing
	Account		Provision
91D	"RBA"	June 1, 2013	Revenue Balancing Account Provision

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal Letter Dated ~~June 1, 2015~~ June 3, 2015.



RATE ADJUSTMENT MECHANISM PROVISION

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

RATE ADJUSTMENT MECHANISM PROVISION

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

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

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

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

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

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

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Effective ~~October 11, 2012~~ March 30, 2014  
2015~~March 30, 2014~~

Effective June 8,

## RATE ADJUSTMENT MECHANISM PROVISION

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

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

~~no~~) The RAM Revenue Adjustment Calculation shall be the change in the annual amount of revenue required for the utility to recover the sum of the O&M RAM Adjustment, Depreciation & Amortization RAM Adjustment, and Rate Base RAM - Return on Investment Adjustment, using the ratemaking conventions and calculations reflected within the most recent rate case Decision & Order issued by the Commission, quantified in the manner prescribed herein.

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

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

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

~~Decision and Order No. 31908, Filed on February 7, 2014.~~  
Transmittal Letter Dated ~~February 28, 2014~~ June 3, 2015.

## RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

Rate Adjustment Mechanism

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

## Evaluation Period Earnings Sharing:

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Superseding Sheet No. 89C

REVISED SHEET NO. 89C

Effective October 11, 2012~~April 9, 2012~~

Effective June 8,

2015~~October 11, 2012~~

RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Transmittal ~~No. 12-04 Dated~~Letter Dated ~~September 10, 2012~~June 3,  
2015.

## RATE ADJUSTMENT MECHANISM PROVISION (continued)

Capital Projects Credits recorded during the Evaluation Period, and

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

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RATE ADJUSTMENT MECHANISM PROVISION (continued)

RAM Period RAM Revenue Adjustment Calculation:

2) The Company shall provide additional schedules indicating the following proposed RAM Revenue Adjustment ~~calculations~~ Calculation applicable for the RAM Period using the methodology set forth below:

a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:

i. The labor component shall be quantified for the RAM Period by application of the Labor Cost Escalation Rate, reduced to account for the Productivity Offset to labor expenses, including payroll taxes. The part of Base Expenses that represents labor costs for merit employees shall not be subject to application of the Labor Cost Escalation rate, nor be reduced by the Productivity Offset.

ii. The Non-labor components quantified for the RAM Period by application of the Non-labor Escalation Rate to non-labor Base Expenses. Non-labor components shall exclude fuel, purchased power, pension/OPEBs, IRP/DSM or other rate adjustment provisions.

b) Depreciation and Amortization RAM Adjustment shall be quantified for the RAM Period by application of Commission-approved accrual rates and methods to the actual recorded

HAWAII ELECTRIC LIGHT COMPANY, INC.

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

Transmittal Letter Dated ~~February 28, 2014~~ June 3, 2015.

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 RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

- ~~b) The Rate Base RAM — Return on Investment Adjustment shall be equal to the prior RAM Period's Rate Base RAM — Return on Investment Calculation plus 90% of the amount that the current RAM Period's Rate Base RAM — Return on Investment Calculation exceeds the prior RAM Period's Rate Base RAM — Return on Investment Calculation. If the prior RAM Period is a rate case test year, then the Rate Base RAM — Return on Investment Adjustment shall be equal to 90% of the current RAM Period's Rate Base RAM — Return on Investment Calculation.~~
- c) The Rate Base RAM - Return on Investment Calculation Adjustment shall be determined by multiplying the applicable Pretax Rate of Return times the change in Rate Base. The Pretax Rate of Return shall include related income taxes on the equity components of the Return on Investment rate approved by the Commission in the last issued Decision & Order in the Company's most recent test year general rate case. The quantification of Rate Base is specified in greater detail in part (ff) of this Section 2.
- d) The revenue impact of any Exogenous Tax Changes shall be included in the RAM Period calculation of the RAM Revenue Adjustment.
- e) Revenue taxes shall be adjusted to account for the change in parts (a) through (e) of this Section 2.
- f) Rate Base for the RAM Period shall be quantified as follows:
- i. Plant in Service, Accumulated Depreciation, Accumulated Deferred Income Taxes and Contributions in Aid of Construction ("CIAC") shall be a two-point average of actual recorded balance sheet data at December 31 of the Evaluation Period, plus projected values at December 31 of the RAM Period determined as prescribed in parts (ii) through (v), below.
  - ii. Plant in Service shall be quantified by adding to the recorded balances at December 31 of the Evaluation Period, the simple average of Baseline Capital Projects plant additions recorded in the immediately preceding five calendar years, plus the estimated cost of completed Major Capital Projects that are anticipated to be in service by September 30 of the RAM Period. The cost of Major Capital Projects shall be limited to the dollar amounts previously approved by the Commission, and shall be included at the level of recorded costs if recorded costs are lower than the budget amounts approved by

HAWAII ELECTRIC LIGHT COMPANY, INC.



Superseding Sheet No. 89E

REVISED SHEET NO. 89E

Effective ~~October 11, 2012~~ March 30, 2014  
~~2015~~ ~~March 30, 2014~~

Effective June 8,

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RATE ADJUSTMENT MECHANISM PROVISION (continued)

- the Commission, and the Commission has not yet reviewed the project costs in a rate case.
- iii. Accumulated Depreciation at December 31 of the RAM Period shall be quantified by increasing the recorded balances at December 31 of the Evaluation Period by the amount set forth in Section 2 part (b) above, consistent with rate-making treatment.

HAWAII ELECTRIC LIGHT COMPANY, INC.

~~Decision and Order No. 31908, Filed on February 7, 2014.~~  
Transmittal Letter Dated ~~February 28, 2014~~ June 3, 2015.

Effective ~~June 1, 2013~~ March 30, 2014  
~~2015~~ ~~March 30, 2014~~

Effective June 8,

RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

gh.) See also Settlement Agreement section below.

RAM REVENUE ADJUSTMENT CAP

The RAM Basis for the calculation of the RAM Revenue Adjustment Cap shall be the target revenues determined in accordance with the RBA tariff based on the results of the Company's most recent final rate case decision. The RAM Basis shall be adjusted 1) as described below in the determination of the 2014 Rate Base RAM - Return on Investment Adjustment and the 2014 Depreciation and Amortization RAM Adjustment, and 2) to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically ordered by the Commission, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Revenue Adjustment Cap.

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

The RAM Revenue Adjustment Cap will apply to the entire RAM Revenue Adjustment, which includes the O&M RAM Adjustment, Depreciation and

HAWAII ELECTRIC LIGHT COMPANY, INC.

~~Decision and Order No. 31908, Filed on February 7, 2014.~~  
 Transmittal Letter Dated ~~February 28, 2014~~ June 3, 2015.

Superseding Sheet No. 89F

REVISED SHEET NO. 89F

Effective ~~June 1, 2013~~ March 30, 2014  
2015~~March 30, 2014~~

Effective June 8,

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Amortization RAM Adjustment, and Rate Base RAM - Return on  
Investment Adjustment.

HAWAII ELECTRIC LIGHT COMPANY, INC.

~~Decision and Order No. 31908, Filed on February 7, 2014.~~  
Transmittal Letter Dated ~~February 28, 2014~~ June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Exception to the calculation of the RAM Revenue Adjustment Cap:

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

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

Evaluation Procedures

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC.

Superseding Sheet No. ~~89F89G~~  
Effective ~~June 1, 2013~~ March 30, 2014  
2015~~March 30, 2014~~

REVISED SHEET NO. ~~89F89G~~  
Effective June 8,

RATE ADJUSTMENT MECHANISM PROVISION (continued)  
RAM Revenue Adjustment shall be implemented as described in the  
Revenue Balancing Account Provision.

HAWAII ELECTRIC LIGHT COMPANY, INC.

~~Decision and Order No. 31908, Filed on February 7, 2014.~~  
Transmittal Letter Dated ~~February 28, 2014~~ June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

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

Notice

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

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

SETTLEMENT AGREEMENT

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

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

HAWAII ELECTRIC LIGHT COMPANY, INC

Superseding Sheet No. 89H  
Effective March 30, 2014

REVISED SHEET NO. 89H  
Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (continued)

HAWAII ELECTRIC LIGHT COMPANY, INC

~~Decision and Order No. 31908, Filed on February 7, 2014.~~  
Transmittal Letter Dated ~~February 28, 2014~~ June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

COMMISSION'S AUTHORITY

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

HAWAII ELECTRIC LIGHT COMPANY, INC

~~Decision and Order No. 31908, Filed on February 7, 2014.~~  
Transmittal Letter Dated ~~February 28, 2014~~ June 3, 2015.



# ATTACHMENT 3

**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)
<b><u>RECONCILIATION OF RBA BALANCE:</u></b>				
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
<b><u>RATE ADJUSTMENT MECHANISM "RAM" AMOUNT:</u></b>				
4	Total RAM Revenue Adjustment Allowed (Note 2)	Note 3		\$ 6,231,665
5	<u>EARNINGS SHARING REVENUE CREDITS - 2014 ROE:</u>	Schedule H		\$ -
6	<u>PUC-ORDERED MAJOR OR BASELINE CAPITAL PROJECTS CREDITS:</u>	Schedule I		\$ -
7	TOTAL RBA REVENUE ADJUSTMENT - Revised	Sum Col. (d)		\$ 14,466,029
8	GWH SALES VOLUME ESTIMATE JUNE 2015 - MAY 2016 (see HECO-WP-A-001)			1,035,400
9	RBA RATE ADJUSTMENT - cents per kWh - Revised	Note (1)		<b>1.3971</b>
10	MONTHLY BILL IMPACT @ 500 KWH - Revised			<b>\$ 6.99</b>

Note (1): 2015 RBA Rate Adjustment Breakdown

	Col. (d)	Rate Adjustment cents per kWh	Percentage Share
RBA Balance	\$ 8,234,363	0.79528332	56.9221%
RAM Amount	\$ 6,231,665	0.60186064	43.0779%
Earnings Sharing Revenue Credits	\$ -	0.00000000	0.0000%
Major or Baseline Capital Projects Credits	\$ -	0.00000000	0.0000%
	\$ 14,466,029	1.39714396	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.

Note (3): Total RAM Revenue Adjustment Allowed

Total RAM Revenue Adjustment Allowed before Adjustments per Order No. 32866	Schedule A1		7,178,993
Less:			
O&M Expense Impact of Change in On-cost Clearing Allocation	Note (3a)	(470,245)	
Revenue Tax Factor	Schedule C	1.0975	
Adjustment for Change in On-cost Clearing Allocation			(516,094)
Adjustment for 2014 Bonus Tax Depreciation	Note (3b)		(431,234)
Total RAM Revenue Adjustment Allowed			6,231,665

(a) Per Order No. 32866, para. 18, "the Companies shall adjust the 2015 RAM Revenue Adjustment for each Company to reflect the O&M expense reduction impacts associated with the accounting changes identified by the Companies in response to CA-IR-1(b)." As noted in footnote 14 to the Order, the expense impact for Hawaii Electric is (\$470,245).

(b) The Company is making a one-time adjustment related to the extension of 2014 bonus depreciation in the 2014 RAM period per Order No. 32866, para. 31, which states: The HECO Companies shall adjust the target revenues calculated for the 2014 RAM Period and applied to the twelve month period of June 2014 through May 2015, so as to pass through to customers the benefits of the full 2014 RAM benefit of the bonus depreciation target revenue impacts estimated by the Companies and enumerated in the SOP. The Companies shall make appropriate adjustments to target revenues, RBA accounts and associated regulatory asset accounts to ensure that the 2014 bonus depreciation benefits accrue to customers." The adjustment above includes revenue tax and agrees to footnote 30 of the Order. The adjustment accrues to customers through the RBA rate adjustment and will be reflected in 2015 target revenues that are utilized in RBA accounting.

Additionally, paragraph 30 of Order No. 32866 states the following: "the Commission recognizes that the inclusion of the ADIT adjustment for bonus depreciation at the end of 2014 effects and lowers the 2015 RAM Cap and 2015 RAM Revenue Adjustment. This adjustment, however, affects the determination of 2015 target revenues and does not constitute an adjustment to 2014 target revenues as agreed by the Companies on May 14, 2014." Therefore, the adjustment to target revenues calculated for the 2014 RAM Period is a one-time adjustment and will not be reflected in the target revenue base carried forward and subject to escalation in future years since the basis used to calculate the RAM Cap for 2015 and subsequent years already includes the impact of 2014 bonus depreciation.

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

SCHEDULE A1  
(REVISED 6-3-15)  
(REVISED 5-21-15)  
(REVISED 4-15-15)  
(PAGE 1 OF 1)

Line No.	Description (a)	Reference (b)	Amount (c)
<b>RAM REVENUE ADJUSTMENT DETERMINED ACCORDING TO EXISTING TARIFFS AND PROCEDURES</b>			
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	\$ (3,376,152)
3	Depreciation & Amortization RAM Expense	3/31/15 Decoupling Filing, Sch A	\$ 6,686,314
4	Total Adjusted RAM Revenue Adjustment		<b>\$ 7,178,993</b>
<b>RAM REVENUE ADJUSTMENT CAP</b>			
5	RAM Cap for 2015 RAM Revenue Adjustment	Schedule J	\$ 7,181,095
6	Plus: Exceptional and Other Matters	Schedule K	408,341
7	2015 Cap - Total Adjusted RAM Revenue Adjustment (Note 3)		<b>\$ 7,589,436</b>
8	<b>Total RAM Revenue Adjustment Allowed</b> (Note 1)	Lesser of Line 4 or Line 7	<b>\$ 7,178,993</b> To Sch A, Note (3)

- Note 1 RAM Revenue Adjustment Allowed:  
See Decision and Order No. 32735, filed March 31, 2015, paragraph 106, page 94:  
"The RAM Revenue Adjustment to be applied to determine effective Target Revenues will be the **lesser of** (a) the RAM Revenue Adjustment determined according to existing tariffs and procedures or (b) a RAM Revenue Adjustment Cap ("RAM Cap) to be calculated as specified."
- Note 2 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."

**Hawaii Electric Light Company, Inc.**  
**DECOUPLING CALCULATION WORKBOOK**  
**SUMMARY OF ACCUMULATED REVENUE BALANCING ACCOUNT**

Line No.	Month	Beginning Balance	Target Revenues	Recorded Adjusted Revenue	Variance to RBA	Adjustment for prior year RBA accrual	Adjustment	Tax-effected Balance Subject to Interest	Interest at 6% or 3.25%/year	Ending Balance
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Monthly RBA Balance and Activity ( Monthly PUC Rpt., Pg. 9A)										
1	2013 December	\$ 7,305,516	\$ 11,733,718	\$ 11,250,327	\$ 483,391	\$ (367,943)	\$ (18,778)	n/a	\$ 36,722	\$ 7,438,908
2	January 2014 Adjustment - Note (1)									
3	REVISED 2013 December									
4										\$ 16,077
5	2014 January	\$ 7,438,908	\$ 11,457,630	\$ 11,097,588	\$ 360,042	\$ (359,759)	\$ 16,077	n/a	\$ 37,276	\$ 7,492,544
6	February	\$ 7,492,544	\$ 10,449,911	\$ 10,149,128	\$ 300,783	\$ (325,767)	\$ -	n/a	\$ 37,400	\$ 7,504,960
7	March	\$ 7,504,960	\$ 11,540,457	\$ 11,245,628	\$ 294,829	\$ (359,088)	\$ 5,265	n/a	\$ 20,253	\$ 7,466,219
8	April	\$ 7,466,219	\$ 11,043,499	\$ 10,877,138	\$ 166,361	\$ (349,480)	\$ (9,446)	n/a	\$ 19,947	\$ 7,293,601
9	May	\$ 7,293,601	\$ 11,554,261	\$ 11,017,902	\$ 536,359	\$ (357,105)	\$ (45,763)	\$ 4,482,457	\$ 12,140	\$ 7,439,232
10	June	\$ 7,439,232	\$ 11,635,604	\$ 11,051,290	\$ 584,314	\$ (605,866)	\$ 1,910	\$ 4,539,211	\$ 12,294	\$ 7,431,884
11	July	\$ 7,431,884	\$ 12,304,971	\$ 11,813,325	\$ 491,646	\$ (654,645)	\$ -	\$ 4,490,350	\$ 12,161	\$ 7,281,046
12	August	\$ 7,281,046	\$ 12,589,809	\$ 11,774,013	\$ 815,796	\$ (653,039)	\$ 1,751	\$ 4,498,775	\$ 12,184	\$ 7,457,738
13	September	\$ 7,457,738	\$ 11,948,925	\$ 11,244,832	\$ 704,093	\$ (624,827)	\$ -	\$ 4,580,144	\$ 12,405	\$ 7,549,409
14	October	\$ 7,549,409	\$ 12,248,004	\$ 11,753,993	\$ 494,011	\$ (653,264)	\$ 5,060	\$ 4,566,381	\$ 12,367	\$ 7,407,583
15	November	\$ 7,407,583	\$ 11,763,781	\$ 11,162,304	\$ 601,477	\$ (616,455)	\$ 4,613	\$ 4,523,535	\$ 12,251	\$ 7,409,469
16	December	\$ 7,409,469	\$ 12,105,585	\$ 11,407,658	\$ 697,927	\$ (625,597)	\$ -	\$ 4,548,538	\$ 12,319	\$ 7,494,118
17	January 2015 Adjustment - Note (1)									
18	REVISED December 2014									
19										\$ 8,719
20	2015 January	\$ -	\$ 11,820,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	February	\$ -	\$ 10,781,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	March	\$ -	\$ 11,906,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	April	\$ -	\$ 11,393,492	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	May	\$ -	\$ 11,920,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	June	\$ -	\$ 11,814,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	July	\$ -	\$ 12,493,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	August	\$ -	\$ 12,782,979	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	September	\$ -	\$ 12,132,261	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29	October	\$ -	\$ 12,435,929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30	November	\$ -	\$ 11,944,276	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
31	December	\$ -	\$ 12,291,326	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Sources of Data: Sch. B1 Sch. B2 Col (c) - (d) Note (2) Note (1) Note (3), (4) Cols (b)+(e)+(f)+(g)+(h)

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

Note (1): Adjustment Summary

Year	Month	Workpaper Reference	RBA True-up Adjustment Sch B2, Line 20	RBA Interest Adjustments	Total Adjustment	Adjustment Description:
2014	January	HELCO-WP-B-001	\$ 16,077	\$ -	\$ 16,077	Adj. to correct customer rate schedule based on kWh usage J to P
2014	March	HELCO-WP-B-002	\$ 5,265	\$ -	\$ 5,265	Adj. to correct customer rate schedule based on kWh usage J to P
2014	April	HELCO-WP-B-003	\$ (6,810)	\$ -	\$ (6,810)	Adj to correct meter failure
2014	April	HELCO-WP-B-004	\$ (2,266)	\$ -	\$ (2,266)	Adj to correct meter failure
2014	April	HELCO-WP-B-005	\$ (370)	\$ -	\$ (370)	Adj to correct non-billed meter failure
2014	May	HELCO-WP-B-006	\$ -	\$ (44,851)	\$ (44,851)	Adj to reflect interest calculated on RBA bal, net of def taxes, for January to April 2014
2014	May	HELCO-WP-B-007	\$ (912)	\$ -	\$ (912)	Adj to correct meter kWh recording
2014	June	HELCO-WP-B-008	\$ 912	\$ -	\$ 912	Reversal of May Adj to correct meter
2014	June	HELCO-WP-B-009	\$ 998	\$ -	\$ 998	Adj to correct revenue schedule from G to R
2014	August	HELCO-WP-B-010	\$ 918	\$ -	\$ 918	Adj to correct revenue schedule from G to R
2014	August	HELCO-WP-B-011	\$ 833	\$ -	\$ 833	Adj to correct revenue schedule from G to R
2014	October	HELCO-WP-B-012	\$ 5,060	\$ -	\$ 5,060	Adj. to correct customer rate schedule based on kWh usage J to P
2014	November	HELCO-WP-B-013	\$ 4,613	\$ -	\$ 4,613	Adj. to correct new meter factor error
2015	January	HELCO-WP-B-014	\$ 8,719	\$ -	\$ 8,719	Adj. to correct customer rate schedule based on kWh usage G to J

Note (2)

Amounts represent recovery of prior years' RBA balance through the RBA rate adjustment effective June 1, 2013 for the period June 2013 through May 2014 and June 1, 2014 for the period June 2014 through May 2015.

Note (3)

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

Note (4)

In connection with Decision and Order No. 31908 on Schedule A of the Decoupling Investigation, issued on February 7, 2014, the Company received approval on April 28, 2014 from the Internal Revenue Service to change its tax treatment of RBA revenues from the book accrual method of revenue balancing account ("RBA") revenue recognition to a recognition method based on when rates are adjusted and revenues are collected, effective January 1, 2014. Accordingly, in May 2014, the Company made an adjustment of <\$44,851>, as reflected in Note 1 to the RBA balance for the interest on a net-of-income tax RBA balance for the period January 1 - April 30, 2014. Starting with May 2014, Schedule B has been updated to calculate interest based on a net-of-income tax RBA balance.

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

Line No.	Description (a)	Reference (b)		Docket No. 2009-0164 Amounts (c)	Docket No. 2009-0164 Amounts (d)	Docket No. 2009-0164 Amounts (e)	Docket No. 2009-0164 Amounts (f)	Docket No. 2009-0164 Amounts (g)	Docket No. 2009-0164 Amounts (h)
1	<u>Last Rate Case Annual Electric Revenue at Approved Rate Levels</u>	Note (1)	\$000s	\$ 355,605	\$ 355,605	\$ 355,605	\$ 355,605	\$ 355,605	\$ 355,605
2	Less: Fuel Expense	Note (1)	\$000s	\$ (80,078)	\$ (80,078)	\$ (80,078)	\$ (80,078)	\$ (80,078)	\$ (80,078)
3	Purchased Power Expense	Note (1)	\$000s	\$ (105,866)	\$ (105,866)	\$ (105,866)	\$ (105,866)	\$ (105,866)	\$ (105,866)
4	Revenue Taxes on Line 1 (8.885% statutory rates)		\$000s		\$ (31,596)	\$ (31,596)	\$ (31,596)	\$ (31,596)	\$ (31,596)
5	Last Rate Order Target Annual Revenues	Sum Lines 1...4	\$000s	\$ 169,661	\$ 138,065	\$ 138,065	\$ 138,065	\$ 138,065	\$ 138,065
6	Add: Authorized RAM Revenues - Transmittal No. 13-02	Note (2)	\$000s	\$ (24)	\$ (24)	\$ -	\$ -	\$ -	\$ -
7	Less: Revenue Taxes on Line 9 at 8.885%		\$000s	\$ 2	\$ 2	\$ -	\$ -	\$ -	\$ -
8	Net RAM Adjustment - Test Year +3	Lines 6+7	\$000s	\$ (22)	\$ (22)	\$ -	\$ -	\$ -	\$ -
9	Authorized RAM Revenues - Transmittal No. 14-04	Note (3)		\$ -	\$ -	\$ 4,778	\$ 4,778	\$ -	\$ -
10	Less: Revenue Taxes on Line 9 at 8.885%			\$ -	\$ -	\$ (424)	\$ (424)	\$ -	\$ -
11	Net RAM Adjustment - Test Year +4	Lines 9+10		\$ -	\$ -	\$ 4,353	\$ 4,353	\$ -	\$ -
12	Authorized RAM Revenues	Sch A, Line 4		\$ -	\$ -	\$ -	\$ -	\$ 6,232	\$ 6,232
13	Less: Revenue Taxes on Line 12 at 8.885%			\$ -	\$ -	\$ -	\$ -	\$ (554)	\$ (554)
14	Net RAM Adjustment - Test Year +5	Lines 12+13		\$ -	\$ -	\$ -	\$ -	\$ 5,678	\$ 5,678
15	Less: <u>EARNINGS SHARING REVENUE CREDITS</u>	Sch A, Ln 5 or Sch H		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Less: Revenue Taxes on Line 15 at 8.885%			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Net Earnings Sharing Revenue Credit:	Lines 15 + 16		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	<u>PUC-ORDERED MAJOR OR BASELINE CAPITAL CREDITS:</u>	Sch A, Ln 6 or Sch I		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	Total Annual Target Revenue:								
20	HELCO TY 2010 Final Annualized Revenue:	Line 5	\$000s	\$ 169,661	\$ 138,065	\$ 138,065	\$ 138,065	\$ 138,065	\$ 138,065
21	HELCO TY 2010 + 2013 RAM Annualized Revenue:	Lines 5 + 8	\$000s	\$ 169,639	\$ 138,044				
22	HELCO TY 2010 + 2014 RAM Annualized Revenue:	Lines 5 + 11	\$000s			\$ 142,419	\$ 142,419		
23	HELCO TY 2010 + 2015 RAM Annualized Revenue:	Lines 5 + 14	\$000s					\$ 143,743	\$ 143,743
24	<u>Distribution of Target Revenues by Month:</u>	Note (4)	Note (5)	<b>2013</b>	<b>2014</b>	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>
25	January	8.30%	8.46%		\$ 11,457,630		\$ 11,820,748		\$ 11,939,793
26	February	7.57%	7.72%		\$ 10,449,911		\$ 10,781,092		\$ 10,889,898
27	March	8.36%	8.52%		\$ 11,540,457		\$ 11,906,199		\$ 12,026,039
28	April	8.00%	8.16%		\$ 11,043,499		\$ 11,393,492		\$ 11,508,563
29	May	8.37%	8.53%		\$ 11,554,261		\$ 11,920,441		\$ 12,040,414
30	June- effective date of RAM Change is June 8, 201!	8.17%	8.39%	\$ 13,859,526		\$ 11,635,604		\$ 11,642,774	
31	July	8.64%	8.81%	\$ 14,656,831		\$ 12,304,971		\$ 12,429,089	
32	August	8.84%	9.00%	\$ 14,996,109		\$ 12,589,809		\$ 12,716,008	
33	September	8.39%	8.55%	\$ 14,232,732		\$ 11,948,925		\$ 12,069,162	
34	October	8.60%	8.77%	\$ 14,588,975		\$ 12,248,004		\$ 12,371,592	
35	November	8.26%	8.42%	\$ 14,012,201		\$ 11,763,781		\$ 11,882,296	
36	December	8.50%	8.67%	\$ 14,419,336		\$ 12,105,585		\$ 12,227,848	
37	Total Distributed Target Revenue:	100.00%	100.00%	\$ 100,765,710	\$ 56,045,758	\$ 84,596,679	\$ 57,821,972	\$ 85,338,769	\$ 58,404,707

**Footnotes:**

- See Letter to Commission, Subject: HELCO Revised Schedules Resulting from Decision and Order No. 30168, Exhibit 1A, page 1, filed February 21, 2012, in Docket No. 2009-0164
- Transmittal 13-02 filed May 14, 2013 establishing 2013 RAM effective June 1, 2013
- Transmittal 14-04 filed May 14, 2014 establishing 2014 RAM effective June 1, 2014
- Source: HELCO RBA Provision Tariff effective June 1, 2013 based on 2010 test year

5 Derivation of RAM Revenue Allocation, for June 8, 2015 to May 31, 2016 Scale all months



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

Line No.	Description (a)	Reference (b)	Docket No. 2009-0164 Approved (c)	Footnote 4 Previously Approved RAM (d)	O&M Subject to Escalation Col (c) + (d) (e)	Net Inflation Indices Footnote 2 (f)	2015 O&M RAM Adjustment Col (e) * (f) (g)
1	Base BU Labor Expenses	Schedule C1	\$ 12,930		\$ 12,930	9.54%	\$ 1,233
2	Base Non-Labor Expense	Schedule C2	\$ 28,371		\$ 28,371	7.73%	\$ 2,192
3	Payroll Taxes	Footnote 1	\$ 1,043		\$ 1,043	9.54%	\$ 99
4	Subtotal Expense Increase - RAM Adjustment before revenue taxes						\$ 3,525
5	Revenue Tax Factor (Footnote 3)						1.0975
6	O&M RAM (Subtotal Expenses x Rev Tax Factor)						<u>\$ 3,869</u>

**Footnotes:**

1: See Letter to Commission, Subject: HELCO Revised schedules Resulting from Decision and Order No. 30168, dated February 21, 2012, in Docket No. 2009-0164, Exhibit 1A, p.11  
 Less: Portion of payroll taxes related to non-BU labor<sup>A</sup> (31.55% \* 1,523)      \$ 1,523  
 Payroll Taxes related to Bargaining Unit labor      \$ (480)  
 Payroll Taxes related to Bargaining Unit labor      \$ 1,043

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

**2: Escalation Rates**

Labor:	2011	2012	2013	2014	2015	
Bargaining Unit Wage Increase	1.75%	2.46%	2.88%	3.00%	2.91%	(See HELCO-WP-C-001)

Less: Labor Productivity Offset	0.76%	0.76%	0.76%	0.76%	0.76%	
Labor Cost Escalation Rate	<u>0.99%</u>	<u>1.70%</u>	<u>2.12%</u>	<u>2.24%</u>	<u>2.15%</u>	

Approved in Final D&O in Docket No. 2008-0274, page 51, filed on August 31, 2010

**Calculation of 2011-2015 Compounded Labor Cost Escalation**

2011 Labor Cost Escalation	1.0099	A (2011 labor escalation plus 1)
2012 Labor Cost Escalation	1.0170	B (2012 labor escalation plus 1)
2013 Labor Cost Escalation	1.0212	C (2013 labor escalation plus 1)
2014 Labor Cost Escalation	1.0224	D (2014 labor escalation plus 1)
2015 Labor Cost Escalation	<u>1.0215</u>	E (2014 labor escalation plus 1)
2011-2015 Compounded Labor Cost Escalation	1.0954	F = A * B * C * D * E
2011-2015 Compounded Labor Cost %	0.0954	G = F - 1

Non-Labor:	2011	2012	2013	2014	2015	
GDP Price Index	1.40%	1.70%	1.70%	1.60%	1.10%	(See HELCO-WP-C-002)

**Calculation of 2011-2015 Compounded Non-Labor Cost Escalation**

2011 Non-Labor Cost Escalation	1.0140	A (2011 non-labor escalation plus 1)
2012 Non-Labor Cost Escalation	1.0170	B (2012 non-labor escalation plus 1)
2013 Non-Labor Cost Escalation	1.0170	C (2013 non-labor escalation plus 1)
2014 Non-Labor Cost Escalation	1.0160	D (2014 non-labor escalation plus 1)
2015 Non-Labor Cost Escalation	<u>1.0110</u>	E (2014 non-labor escalation plus 1)
2011-2015 Compounded Non-Labor Cost Escalation	1.0773	F = A * B * C * D * E
2011-2015 Compounded Non-Labor Cost %	0.0773	G = F - 1

**3: Computation of Revenue Tax Factor**

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

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

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

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKSHEET**  
**RATE ADJUSTMENT MECHANISM**  
**SUMMARY OF**  
**OPERATIONS AND MAINTENANCE LABOR AND NON-LABOR EXPENSE**  
**BY BLOCK OF ACCOUNTS**  
**Final D&O - Docket No. 2009-0164**  
**(\$ in Thousands)**

Line No.	DESCRIPTION	(a)	(b)	(c)=(a)+(b)	(d)	(e)
		BU LABOR (Note 1)	Non-BU LABOR (Note 1)	Total LABOR	NON-LABOR (Note 1)	TOTAL (Note 1)
1	Production	\$ 6,456	\$ 1,764	\$ 8,220	\$ 11,475	\$ 19,695
2	Transmission	841	89	930	1,468	2,398
3	Distribution	2,895	143	3,038	4,948	7,986
4	Customer Accounts	2,017	328	2,346	1,386	3,732
5	Allowance for Uncoll Accounts	-	-	0	749	749
6	Customer Service	-	758	758	649	1,407
7	Administrative & General	721	2,877	3,598	12,378	15,976
8	Austerity Adjustment	-	-	0	-365	-365
9	<b>Operation and Maintenance</b>	<b>\$ 12,930</b>	<b>\$ 5,959</b>	<b>\$ 18,890</b>	<b>\$ 32,689</b>	<b>\$ 51,579</b>

Percentage of Total O&M Labor                      68.45%                      31.55%                      100%

\* amounts may not add due to rounding

(1) See HELCO Letter dated March 9, 2012, Subject: HELCO O&M Expenses Breakdown for RAM Calculation, filed in Docket No. 2009-0164, Attachment 2, p. 1. (Note: letter inadvertently shown as Docket No. 2010-0164)



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

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Reference</u> (c)
1	Pension Expense	\$ 5,429	See Stipulated Settlement Letter filed Sep. 16, 2010, HELCO T-11 Attachment 5, page 1 Final Settlement Docket No. 2009-0164.
2			
3			
4			
5			
6	Other Post-Employment Benefits (OPEB) Expense	\$ 337	Id., HELCO T-11, Attachment 5, page 1, Final Settlement.
7			
8			
9			
10	Total before amounts transferred	\$ 5,766	
11			
12	O&M %	74.88%	Id., HELCO T-11, Attachment 1, page 1, Final Settlement
13	(1- transfer rate of 25.12%)		
14			
15			
16	Adjustment to Non-Labor O&M Expense		
17	for O&M RAM base	\$ 4,317	
18			
19			
20	Non-Labor O&M Expense per Final D&O	\$ 32,689	Schedule C1
21			
22			
23	Non-Labor O&M Expense Base for		
24	O&M RAM base	<u>\$ 28,371</u>	

**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	<u>PUC APPROVED CAPITAL STRUCTURE &amp; COSTS (Note 1):</u>						
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	<u>278,722</u>	<u>55.91%</u>	10.00%	<u>5.59%</u>	1.636929	<u>9.15%</u>
7	Total Capitalization	<u>\$ 498,520</u>	<u>100.00%</u>		<u>8.31%</u>		<u>11.94%</u>
8	RAM CHANGE IN RATE BASE (From Schedule D1)						<b>\$ (25,764)</b>
9	PRETAX RATE OF RETURN (Line 7, Col g)						<u>11.94%</u>
10	PRETAX RETURN REQUIREMENT						<b>\$ (3,076.2)</b>
11	REVENUE TAX FACTOR (1/(1-8.885%))						<u>1.0975</u>
12	RATE BASE RAM - RETURN ON INVESTMENT						<b><u>\$ (3,376.152)</u></b>

**Footnotes:**

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

2 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. 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)**

Line No.	Description (a)	HELCO 2010 Test Year Rate Base		HELCO 2015 RAM Rate Base		
		Beg Balance 12/31/2009 (b)	Budgeted Balance 12/31/2010 (c)	Adjusted Recorded at 12/31/2014 (d)	RAM Projected Amounts (e)	Estimated at 12/31/2015 (f)
1	Net Cost of Plant in Service	\$ 567,375	\$ 597,486	\$ 632,464	\$ 3,314	\$ 635,778
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					
10				2,224	(214)	2,010
11						
12						
13	Pension Reg Asset	4,156	4,916			
14	Total Additions	\$ 602,403	\$ 631,159	\$ 669,039	\$ 3,100	\$ 672,139
15	Unamortized CIAC	\$ (69,566)	\$ (73,019)	\$ (94,475)	\$ (4,734)	\$ (99,208)
16	Customer Advances	(27,912)	(29,995)			
17	Customer Deposits	(2,703)	(2,751)			
18	Accumulated Def Income Taxes	(31,776)	(46,003)	(92,618)	(589)	(93,208)
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)	\$ (231,790)	\$ (5,323)	\$ (237,113)
24	Working Cash	\$ 3,238	\$ 3,238	\$ 3,238	Not Updated	\$ 3,238
25	Rate Base at Proposed Rates	\$ 461,283	\$ 468,996	\$ 440,486		\$ 438,263
26	Average Rate Base		\$ 465,139			\$ 439,375
27	<b>Change in Rate Base</b>					<b>\$ (25,764)</b>
28	<u>Column (e) Projected Changes to Rate Base:</u>		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)		
<u>Major Project Adjustments:</u>				
NA				
Total Adjustments	\$ -	\$ -	\$ -	\$ -
Adjusted Balance	\$ 1,184,264	\$ (551,800)	\$ (94,475)	\$ (92,618)

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

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

(\$ in Thousands)

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

Line No.	Description (a)					
		3/31/2011 2010 (b)	3/30/2012 2011 (c)	3/22/2013 2012 (d)	3/31/2014 2013 (e)	3/27/2015 2014 (f)
1	<b>Total Plant Additions</b>	<b>\$ 40,741,409</b>	<b>\$ 39,242,658</b>	<b>\$ 45,983,990</b>	<b>\$ 59,016,572</b>	<b>\$ 51,615,842</b>
2	<b>(Notes A, B, C, D, &amp; E)</b>					
3						
4	<u>Less Major Projects: (+\$2.5 Million)</u>					
5						
6	2009 In-service:					
7	Keahole ST-7 Project - Note A	7623	H0001383	(1,051,918)	(165,807)	
8	Keahole ST-7 Sw Stn Addition - Note A	7623	H0000596			
9						
10	2010 In-Service:					
11	Puna Turbine Upgrade - Note C	2009-0104	H0001750	(7,498,385)	(382,076)	
12						
13	2011 In-Service					
14	None					
15						
16	2012 In-Service					
17	None					
18						
19	2013 In-Service					
20	None					
21						
22	2014 In-Service					
23	Keamuku-Keahole 6800 kV Line Recon Ph 1	2012-0392	H0002509			(2,730,442)
24	Keahole CT-4 Major Overhaul	2013-0144	H0002725			(1,622,930)
25						
26						
27						
28						
29						
30						
31						
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39						
40						
41	<b>Total Net Plant Additions (excluding major projects)</b>	<b>\$ 32,191,106</b>	<b>\$ 38,694,775</b>	<b>\$ 45,983,990</b>	<b>\$ 59,016,572</b>	<b>\$ 47,262,470</b>
42						
43	<b>Last Five-Year Average</b>					<b>\$ 44,629,783</b>

NOTE (A):

Docket No. 7623, ST-7 Final Cost Report filed August 18, 2011 included removal costs \$14,538.73.

NOTE (B):

The 2010 GO7 Report filed March 31, 2011, was \$40,733,978 and did not include the year-end adjustment for Lalamilo Vehicle for \$7,430 plus rounding of 1.

NOTE (C):

Docket No. 2009-0104, Puna Turbine Upgrade Final Cost Report filed February 16, 2011, \$7,873,939 plus straggling costs of \$6,522.

NOTE (D):

Docket No. 2012-0392, Keamuku-Keahole 6800 kV Line Reconstruction Phase 1 Final Cost Report filed September 29, 2014, \$2,659,753 plus straggling costs of \$70,689.

NOTE (E):

HELCO's GO 7 plant additions annual reports are shown as Exhibit 2 in 2010, 2011, 2012, and 2013 and as Attachment 2 in 2014 reports.

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

Line No.	Description (a)	PUC Docket Reference (b)	Estimated In Service Date (c)	Amount (d)
	<u>2015 Major Capital Project Additions by Project:</u>			
1	None			\$ -
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13	<b>Total Major Capital Projects Qualifying for 2015 RAM</b>			<b><u>\$ -</u></b>

See Schedule G2 for related CIAC (if applicable)

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

<u>Line No.</u>	<u>NARUC Account</u> (a)	<u>Reference</u> (b)	<u>DR/(CR)</u> <u>Federal ADIT</u> (c)	<u>DR/(CR)</u> <u>State ADIT</u> (d)	<u>DR/(CR)</u> <u>Total</u> <u>ADIT</u> (e)
1	Recorded Deferred Income Tax Balances December 31, 2013 Recorded Balances				
2	Depreciation Related Account 282	HELCO-WP-D4-001	\$ (57,842,419)	\$ (3,388,096)	\$ (61,230,515)
3	Other Deferred Income Taxes	HELCO-WP-D4-001	(25,459,535)	(5,928,068)	(31,387,603)
4	Total Recorded Deferred Income Taxes - Utility		(83,301,954)	(9,316,164)	(92,618,118)

*To Schedule D1*

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

Line No.	NARUC Account (a)	Recorded Depreciable/Amort. Balance (Footnote 3) (b)	Adjustments (c)	Adjusted Depreciable/Amort. Balance (d)	PUC Approved Accrual Rate in Dkt No. 2009- 0321 (e)	Annual Accrual (f)
1	<b>Plant Accounts</b>					
2	311	\$ 18,493,579		\$ 18,493,579	0.02900	\$ 536,314
3	312	74,190,327		74,190,327	0.03080	2,285,062
4	314	51,282,487		51,282,487	0.02540	1,302,575
5	315	9,786,235		9,786,235	0.03350	327,839
6	316	-		-	-	-
7	Tot - Steam	153,752,629	-	153,752,629	0.02895	4,451,790
8						
9	331	97,513		97,513	0.00940	917
10	332	6,201,661		6,201,661	0.02030	125,894
11	333	2,107,816		2,107,816	0.02130	44,896
12	334	748,324		748,324	0.00620	4,640
13	336	121,311		121,311	0.00000	-
14	Tot - Hydro	9,276,624	-	9,276,624	0.01901	176,346
15						
16	341	23,762,902		23,762,902	0.02640	627,341
17	342	12,474,532		12,474,532	0.01990	248,243
18	343	66,717,078		66,717,078	0.02220	1,481,119
19	344	54,958,003		54,958,003	0.01910	1,049,698
20	345	7,650,886		7,650,886	0.01710	130,830
21	Tot - Other Prod	165,563,401	-	165,563,401	0.02136	3,537,231
22						
23	Tot - Prod	328,592,655	-	328,592,655		8,165,367
24						
25	3501	3,242,961		3,242,961	0.01460	47,347
26	352	3,644,103		3,644,103	0.00890	32,433
27	353	60,199,659		60,199,659	0.01980	1,191,953
28	354	60,778		60,778	0.02120	1,288
29	355	55,649,926		55,649,926	0.01750	973,874
30	356	38,851,802		38,851,802	0.04430	1,721,135
31	357	305,800		305,800	0.00000	-
32	358	672,020		672,020	0.00180	1,210
33	359	128,935		128,935	0.01350	1,741
34	Tot - Transm	162,755,984	-	162,755,984	0.02440	3,970,980
35						
36	3601	723,208		723,208	0.01990	14,392
37	361	3,237,981		3,237,981	0.01600	51,808
38	362	57,622,480		57,622,480	0.01820	1,048,729
39	363	1,194,003		1,194,003	0.03960	47,283
40	364	122,608,999		122,608,999	0.03780	4,634,620
41	365	102,916,821		102,916,821	0.03400	3,499,172
42	366	32,303,555		32,303,555	0.02870	927,112
43	367	108,662,321		108,662,321	0.04080	4,433,423
44	368	93,567,634		93,567,634	0.06870	6,428,096
45	369.1	41,061,806		41,061,806	0.03470	1,424,845
46	369.2	28,610,712		28,610,712	0.02850	815,405
47	370	18,038,246		18,038,246	0.04840	873,051
48	Tot - Distr	610,547,765	-	610,547,765	0.03963	24,197,935
49						
50	Tot - T & D	773,303,749	-	773,303,749		28,168,916
51						
52	390	17,728,378		17,728,378	0.01290	228,696
53	Tot - General	17,728,378	-	17,728,378	0.01290	228,696
54						
55	Sub-Total	1,119,624,782	-	1,119,624,782		36,562,979
56						
57	3921	6,443,052		6,443,052	0.15120	974,189
58	3922	13,529,491		13,529,491	0.02720	368,002
59	Tot - Vehicles	19,972,542	-	19,972,542	0.06720	1,342,192
60						
61						
62	Utility Total Depreciation	\$ 1,139,597,325	\$ -	\$ 1,139,597,325	0.03326	\$ 37,905,171

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**Amortization Amounts**

316	\$	2,026,916		\$	2,026,916	0.05000	\$	101,346
Tot - Steam		2,026,916	-		2,026,916	0.05000		101,346
335		42,053			42,053	0.05000		2,103
Tot - Hydro		42,053	-		42,053	0.05000		2,103
346		2,448,413			2,448,413	0.05000		122,421
Tot - Other Prod		2,448,413	-		2,448,413	0.05000		122,421
Tot - Prod		4,517,382	-		4,517,382	0.05000		225,869
3911		2,625,963			2,625,963	0.20000		525,193
3912		327,730			327,730	0.10000		32,773
3913		677,848			677,848	0.06670		45,212
393		489,924			489,924	0.04000		19,597
394		9,161,394			9,161,394	0.04000		366,456
395		464,822			464,822	0.06670		31,004
396		28,478			28,478	0.05560		1,583
397		17,087,086			17,087,086	0.06670		1,139,709
398		4,029,655			4,029,655	0.06670		268,778
Tot - General	\$	34,892,899	\$ -	\$	34,892,899	0.06965	\$	2,430,304

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Net Unrecovered Amortization (Footnote 1) 754,348

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Utility Total Amortization \$ 39,410,281 \$ - \$ 39,410,281 0.08654 \$ 3,410,522

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TOTAL RAM DEPRECIATION / AMORTIZATION	\$	41,315,693
LESS: Vehicle Depreciation (A/C 392 above)	\$	(1,342,192)
LESS: Depreciation & Amortization in Current Revenues	Footnote 2	\$ (33,208,900)
RAM Adjustment for Depreciation & Amortization	\$	6,764,601
RAM Adjustment for CIAC Amortization	Sch. G	\$ (885,829)
RAM Adjustment for CIS Deferred Cost Amortization (Footnote 4)		\$ 213,463
Total RAM Adjustment for Depreciation & Amortization		\$ 6,092,235
Times: Factor for Revenue Taxes		1.0975
RAM DEPRECIATION & AMORTIZATION		\$ 6,686,314

**Footnotes:**

Account	Net Unrecovered Amortization (c)(i)	Annual Recovery (c) / 5 years
316	\$ 146,914	\$ 29,383
335	24,160	4,832
346	63,071	12,614
3911	268,651	53,730
3912	(17,354)	(3,471)
3913	582,700	116,540
393	(62,302)	(12,460)
394	(176,472)	(35,294)
395	149,469	29,894
396	(7,654)	(1,531)
397	2,277,517	455,503
398	523,044	104,609
Unrecovered Amortization	\$ 3,771,742	\$ 754,348
Annual Recovery (increases amortization expense annually for five years)		\$ 754,348

(i) Source: Accounting Records



2	<u>Depreciation &amp; Amortization in Current Revenues (ii):</u>	Depr/Amort Expense
	Total Depreciation	\$ 34,376,700
	LESS: Vehicle Depreciation (A/C 392)	(1,167,800)
	Net Depreciation in Current Revenues	<u>\$ 33,208,900</u>
	(ii) HELCO Revised Schedules Resulting from Decision and Order No. 30168, HELCO T-13, Attachment 1, page 1, Response to Final D&O, filed 2/21/12, Docket No. 2009-0164.	
3	Utility Total Depreciable Plant Balance - Line 62	\$ 1,139,597,325
	Utility Total Amortizable Plant Balance - Line 95	39,410,281
	Total Utility Depreciation and Amortization Plant Balance	<u>\$ 1,179,007,605</u>
	Total Utility Plant in Service Balance (iii)	\$ 1,184,263,893
	less: Land Balance (iv)	(5,232,304)
	less: ARO Asset Balance (v)	(23,984)
	Total	<u>\$ 1,179,007,605</u>
	(iii) December 2014 Monthly Financial Report PUC, page 8	
	(iv) Accounting Records	
	(v) December 2014 Monthly Financial Report PUC, page 11	
4	See HELCO-WP-D1-001, page 1.	

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

<u>Line No.</u>	<u>NARUC Account</u> (a)	<u>Reference</u> (b)	<u>Projected ADIT Change</u> (c)
1	State Tax Depreciation	Schedule F1	1,514,843
2	Effective Federal Tax Rate	HELCO-WP-F-001	32.8947%
3	Federal Deferred Tax on State Tax Depreciation		<u>498,304</u>
4	Addback State Tax Depreciation		(1,514,843)
5	Federal Tax Depreciation	Schedule F1	<u>1,514,843</u>
6	Federal/State Difference		-
7	Tax Rate on Federal Only Adjustment	HELCO-WP-F-001	35%
8	Federal Deferred Tax Adjustment		<u>-</u>
9	Total Federal Deferred Taxes		<u><u>498,304</u></u>
	<b>STATE DEFERRED TAXES</b>		
10	State Tax Depreciation		1,514,843
11	Effective State Tax Rate	HELCO-WP-F-001	6.0150%
12	Total State Deferred Taxes		<u>91,118</u>
13	TOTAL FED AND STATE DEFERRED TAXES		<u><u>589,422</u></u>

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

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

Line No.		LIFE	PROJECTS	PROGRAMS	TOTAL	PROJECTS	PROGRAMS	TOTAL
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Communication	20	\$ 1,218,344	-	\$ 1,218,344	2.73%	-	2.73%
2	Office Furniture	7	738,186	-	738,186	1.65%	-	1.65%
3	Distribution	20	28,783,445	-	28,783,445	64.49%	-	64.49%
4	Information Systems/Data Handling	5	548,062	-	548,062	1.23%	-	1.23%
5	Land	-	114,099	-	114,099	0.26%	-	0.26%
6	Other Production	15	2,294,944	-	2,294,944	5.14%	-	5.14%
7	Steam & Hydraulic Production	20	1,356,911	-	1,356,911	3.04%	-	3.04%
8	Structural	39	1,470,808	-	1,470,808	3.30%	-	3.30%
9	Transmission	15	5,857,079	-	5,857,079	13.12%	-	13.12%
10	Vehicles	-	2,247,905	-	2,247,905	5.04%	-	5.04%
11	Baseline Plant Additions		<u>\$ 44,629,783</u>	-	<u>\$ 44,629,783</u>	<u>100.00%</u>	<u>0.00%</u>	<u>100.00%</u>

Projects and Program % Totals by Depreciable Life:

5 yr	1.23%	-	1.23%
7 yr	1.65%	-	1.65%
15 yr	18.27%	-	18.27%
20 yr	70.26%	-	70.26%
39 yr	3.30%	-	3.30%
Land	0.26%	-	0.26%
Vehicles	5.04%	-	5.04%
Total	<u>100.00%</u>	<u>-</u>	<u>100.00%</u>

BASIS	FED YR 1 TAX RATE	FED YR 1 TAX DEPR	STATE YR 1 TAX RATE	STATE YR 1 TAX DEPR
-------	-------------------	-------------------	---------------------	---------------------

Vintage 2014 - 50% Bonus Depreciation										
Note 1	Basis subject to 50% bonus	0.00%	0.00%	0.00%						
	5 yr	0.00%	-	0.00%	5 yr	-	60.000%	-	20.00%	-
	7 yr	0.00%	-	0.00%	7 yr	-	57.145%	-	14.29%	-
	15 yr	0.00%	-	0.00%	15 yr	-	52.500%	-	5.00%	-
	20 yr	0.00%	-	0.00%	20 yr	-	51.875%	-	3.75%	-
	39 yr	n/a	n/a	n/a						
	Land	n/a	n/a	n/a						
	Vehicles	n/a	n/a	n/a						
	Total	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>						

Vintage 2014 - Regular Depreciation										
Basis subject to regular depreciation					(Total less amounts subject to 50% bonus)					
	5 yr	1.23%	-	1.23%	5 yr	\$ 457,183	20.00%	\$ 91,437	20.00%	\$ 91,437
	7 yr	1.65%	-	1.65%	7 yr	615,781	14.29%	87,995	14.29%	87,995
	15 yr	18.27%	-	18.27%	15 yr	6,800,268	5.00%	340,013	5.00%	340,013
	20 yr	70.26%	-	70.26%	20 yr	26,158,850	3.75%	980,957	3.75%	980,957
	39 yr	3.30%	-	3.30%	39 yr	1,226,921	1.18%	14,441	1.18%	14,441
	Land	n/a	n/a	n/a						
	Vehicles	n/a	n/a	n/a						
	Total	<u>94.71%</u>	<u>-</u>	<u>94.71%</u>						
TOTAL ASSETS		<u>94.71%</u>	<u>-</u>	<u>94.71%</u>						

Net Depreciable Baseline Plant Adds	<u>\$ 35,259,003</u>	<u>\$ 1,514,843</u>	<u>\$ 1,514,843</u>
Major Capital Projects from Schedule F2	-	-	-
Total Depreciable Plant Adds	<u>\$ 35,259,003</u>	<u>\$ 1,514,843</u>	<u>\$ 1,514,843</u>
		<i>Fed Tax Depreciation To Schedule F</i>	<i>St. Tax Depreciation To Schedule F</i>

Reconciliation from Baseline Plant Adds to Net Depreciable Plant Adds			
Baseline Capital Projects Plant Adds	\$ 44,629,783	Schedule D2	
Less: Repairs deduction	<u>7,400,439</u>	HELCO-WP-F1-001, pg. 1	<<supported by Special Study each year.
Net plant add basis	37,229,344		
Less: Land and Vehicles (5.29% x net plant add basis)	<u>1,970,340</u>		
	<u>\$ 35,259,003</u>		

NOTE (1) The Tax Increase Prevention Act of 2014 allows 50% bonus depreciation for assets placed in service before January 1, 2015. Consequently, the entire basis of vintage 2015 is subject to regular depreciation.

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

Line No.	Description (a)	(b)	PUC Docket (c)	Estimated In Service Date (d)	Amount (e)
1	Assumed Value of 2015 Major Capital Projects - Plant Items				\$ -
2	Assumed Value of 2015 Major Capital Projects - CIAC nontaxable				\$ -
3	Assumed Value of 2015 Major Capital Projects - Total				<u>\$ -</u>

4	Tax Classification of Major Capital Project Additions	Tax Basis Distribution	FED	FED	STATE	STATE
			YR 1	YR 1	YR 1	YR 1
			TAX RATE	TAX DEPR	TAX RATE	TAX DEPR
5	5 yr	\$ -	20.000%	\$ -	20.000%	\$ -
6	7 yr	-	14.29%	-	14.29%	-
7	15 yr	-	5.000%	-	5.00%	-
8	20 yr	-	3.750%	-	3.75%	-
9	39 yr	n/a				
10	Land	n/a				
11	Vehicles	n/a				
12	Total	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>

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

Line No.	Description (a)	Reference (b)	Unamortized CIAC (c)	CIAC Amortization (d)
1	12/31/14 Beginning Balance	Sch. G1	\$ (94,474,624)	
2				
3	<u>2015 CIAC Additions:</u>			
4	Baseline 5-Yr Average	Sch. G1	\$ (7,875,531)	
5	Major Projects	Sch. G2	-	
6	Net Additions		<u>\$ (7,875,531)</u>	
7				
8	<u>2015 CIAC Amortization:</u>			
9	Estimated Amortization	Sch. G3	<u>\$ 3,142,029</u>	<u>\$ (3,142,029)</u>
10				
11	<b>12/31/15 Ending Balance</b>		<b><u>\$ (99,208,126)</u></b>	(3,142,029)
12				
13	LESS: CIAC Amortization in Current Revenues	NOTE 1		<u>(2,256,200)</u>
14				
15	<b>RAM Adjustment for CIAC Amortization</b>			<b><u>\$ (885,829)</u></b>

NOTE 1: See HELCO Revised Schedules Resulting from Decision and Order No. 30168, filed 2/21/2012, Exhibit 1A, page 34 of 37, Docket No. 2009-0164.

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

**BASELINE CAPITAL PROJECTS CIAC ADDITIONS**

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

Line No.	Description (a)	02/22/2011	02/21/2012	2/19/2013	2/21/2014	2/26/2015
		2010 (b)	2011 (c)	2012 (d)	2013 (e)	2014 (f)
1	CIAC Balance, January 1 (Dec Rpt. pg. 10)	\$ (69,565,658)	\$ (72,080,639)	\$ (76,641,653)	\$ (84,799,042)	\$ (89,762,888)
2	Less: CIAC Amortization (Dec Rpt. pg. 2)	3,843,752	2,397,013	2,506,398	2,766,490	2,955,035
3	Less: CIAC Balance, December 31 (Dec Rpt. pg. 10)	72,080,639	76,641,653	84,799,042	89,762,888	94,474,624
4						
5	<b>Total CIAC Additions</b>	<b>\$ 6,358,733</b>	<b>\$ 6,958,027</b>	<b>\$ 10,663,787</b>	<b>\$ 7,730,336</b>	<b>\$ 7,666,771</b>
6						
7	<u>Less Major Projects:</u>					
8		<u>Dkt No.</u>	<u>Item No.</u>			
9	2009 In-service:					
10	Keahole ST-7 Project	7623	H0001383			
11	Keahole ST-7 Sw Stn Addition	7623	H0000596			
12						
13	2010 In-service:					
14	Puna Turbine Upgrade	2009-0104	H0001750			
15						
16	2011 In-service:					
17	None					
18						
19	2012 In-service:					
20	None					
21						
22	2013 In-service:					
23	None					
24						
25	2014 In-Service					
26	Keamuku-Keahole 6800 69 kV Line Phase 1	2012-0392	H0002509			
27	Keahole CT-4 Major Overhaul	2013-0144	H0002725			
28						
29	<b>Total Net CIAC Additions</b>	<b>\$ 6,358,733</b>	<b>\$ 6,958,027</b>	<b>\$ 10,663,787</b>	<b>\$ 7,730,336</b>	<b>\$ 7,666,771</b>
30						
31	<b>Last Five-Year Average</b>					<b>\$ 7,875,531</b>

NOTE (A):

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

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

Line No.	Description (a)	PUC Docket Reference (b)	Estimated In Service Date (c)	Amount (d)
1	<u>2015 Major Capital Project CIAC Additions by Project:</u>			
2	None			\$ -
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13	<b>Total Major Project CIAC Additions for 2015 RAM</b>			<b><u>\$ -</u></b>

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

Line No.	Description (a)	2013	2014		2015
		Balance (b)	Amortization (c)	Balance (d)	Amortization
1	<u>CIAC by Vintage:</u>				
2	1981	\$ 41,253.46	\$ (4,566.00)	\$ 36,687.46	\$ (4,566.00)
3	1982	52,623.11	(5,244.00)	47,379.11	(5,244.00)
4	1983	43,015.17	(3,898.00)	39,117.17	(3,898.00)
5	1984	295,439.75	(24,547.00)	270,892.75	(24,547.00)
6	1985	187,406.86	(14,376.00)	173,030.86	(14,376.00)
7	1986	305,798.24	(21,787.00)	284,011.24	(21,787.00)
8	1987	694,817.57	(46,211.00)	648,606.57	(46,211.00)
9	1988	372,911.17	(23,255.00)	349,656.17	(23,255.00)
10	1989	693,031.03	(40,681.00)	652,350.03	(40,681.00)
11	1990	2,008,918.18	(111,386.00)	1,897,532.18	(111,386.00)
12	1991	1,359,629.07	(71,425.00)	1,288,204.07	(71,425.00)
13	1992	2,870,124.84	(143,251.00)	2,726,873.84	(143,251.00)
14	1993	994,696.59	(47,286.00)	947,410.59	(47,286.00)
15	1994	1,442,784.01	(65,475.00)	1,377,309.01	(65,475.00)
16	1995	1,015,155.54	(44,069.00)	971,086.54	(44,069.00)
17	1996	1,529,909.10	(63,652.00)	1,466,257.10	(63,652.00)
18	1997	960,096.60	(38,349.00)	921,747.60	(38,349.00)
19	1998	487,600.06	(18,728.00)	468,872.06	(18,728.00)
20	1999	3,761,901.00	(139,146.00)	3,622,755.00	(139,146.00)
21	2000	2,815,686.29	(100,432.00)	2,715,254.29	(100,432.00)
22	2001	2,506,531.43	(86,326.00)	2,420,205.43	(86,326.00)
23	2002	2,459,105.38	(81,873.00)	2,377,232.38	(81,873.00)
24	2003	3,393,125.69	(109,330.00)	3,283,795.69	(109,330.00)
25	2004	2,044,404.91	(63,817.00)	1,980,587.91	(63,817.00)
26	2005	2,698,059.22	(81,671.00)	2,616,388.22	(81,671.00)
27	2006	4,822,959.69	(141,703.00)	4,681,256.69	(141,703.00)
28	2007	5,218,375.95	(148,945.00)	5,069,430.95	(148,945.00)
29	2008	5,532,958.91	(153,541.00)	5,379,417.91	(153,541.00)
30	2009	6,430,136.88	(173,620.00)	6,256,516.88	(173,620.00)
31	2010	5,891,980.11	(154,907.00)	5,737,073.11	(154,907.00)
32	2011	6,618,610.33	(169,708.00)	6,448,902.33	(169,708.00)
33	2012	10,403,695.00	(260,092.00)	10,143,603.00	(260,092.00)
34	2013	7,730,336.00	(188,545.00)	7,541,791.00	(188,545.00)
35	2014			7,666,771.00	(186,994.00)
36					
37	<u>CIAC GET Adjustment:</u>				
38	-adj 92-96 GET				
39	-adj 97 GET				
40	-adj 98 GET				
41	-adj 99 GET				
42	-adj 00 GET				
43	-adj 01 GET				
44	-adj 02 GET				
45	-adj 03 GET				
46	-adj 04 GET				
47	-adj 05 GET				
48	-adj 06 GET				
49	-adj 07 GET				
50	-adj 08 GET				
51	-adj 09 GET				
52	-adj 10 GET				
53	-adj 11 GET				
54	-adj 12 GET				
55					
56					
57	<u>In - Kind CIAC:</u>				
58	1988	165,831.95	(10,341.00)	155,490.95	(10,341.00)
59	1989	221,474.09	(13,001.00)	208,473.09	(13,001.00)
60	1990	677,847.64	(37,584.00)	640,263.64	(37,584.00)



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

Line No.	Description (a)	2013	2014		2015
		Balance (b)	Amortization (c)	Balance (d)	Amortization
60	1991	619,162.50	(32,527.00)	586,635.50	(32,527.00)
61	1992	395,494.26	(19,740.00)	375,754.26	(19,740.00)
62	1993				
63	1994				
64	1995				
65	1996				
66	1997				
67	1998				
68	1999				
69	2000				
70	2001				
71	2002				
72	2003				
73	2004				
74	2005				
75	2006				
76	2007				
77	2008				
78	2009				
79	2010				
80	2011				
81	2012				
82	2013				
83					
84	<b>Total CIAC Amortization for 2015 RAM</b>	<b>\$ 89,762,888</b>	<b>\$ (2,955,035)</b>	<b>\$ 94,474,624</b>	<b>\$ (3,142,029)</b>

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

Line No.	Description (a)	Reference (b)	Ratemaking Basis Return on Equity		
			Operating Income (c)	Rate Base (d)	Rate of Return (e)
1	Reported Operating Income b/4 ratemaking adj.	Dec 2014 Monthly PUC Report, p. 2A, filed 2/26/15 & HELCO-WP-H-001	\$ 29,269	\$ 475,714	
2	<u>Ratemaking Adjustments to Line 1:</u>				
2a	Incentive Compensation Expenses (net of tax)	HELCO-WP-H-002	334		
2b	Discretionary and Other Expenses Not Recoverable (net of tax)	HELCO-WP-H-002	231		
2c	Amortization of investment income differential	HELCO-WP-H-003	(5)		
2d	Income tax on items to be replaced by synchronized interest	HELCO-WP-H-003	(4,184)		
2e	Remove Accrued Earnings Sharing Refund	HELCO-WP-H-005	0		
3	Ratemaking Basis Amounts - Post Tax	Sum Lines 1 & 2	\$ 25,644	\$ 475,714	
4	<u>Ratemaking Capitalization</u>		Balances	Ratios	Cost Rate
5	Short-Term Debt (12 mo. Avg)		\$ 1,042	0.22%	1.06%
6	Long-Term Debt (Simple Avg)		\$ 182,534	38.18%	5.64%
7	Hybrid Securities (Simple Avg)		\$ 9,443	1.98%	7.27%
8	Preferred Stock (Simple Avg)		\$ 6,683	1.40%	8.21%
9	Common Equity (Simple Avg)		\$ 278,368	58.23%	10.00%
10	Total Capitalization	HELCO-WP-H-004	\$ 478,069	100.00%	8.24%
11	Line 3 Rate Base Amount			\$ 475,714	
12	Weighted Cost of Debt (Sum Lines 5-7)			2.30%	
13	Synchronized Interest Expense			\$ 10,933	
	Income Tax Factor (Note 1)			1.636929121	
13a	Synchronized Interest Expense, net of tax			\$ 6,679	
14	Post Tax Income Available for Preferred & Common (Line 3 - Line 13a)				\$ 18,965
15	Less: Preferred Income Requirement (Line 8 Weighted Cost times Rate Base)				546
16	Income Available for Common Stock				\$ 18,419
17	Ratemaking Equity Investment (Line 9 Ratio times Rate Base)				\$ 276,997
18	Return on Equity for Decoupling Earnings Sharing (Line 16/Line 17)				6.65%
19	<u>Earnings Sharing Revenue Credits:</u>		Basis Points		
20	Achieved ROE (basis points)		665		
21	Authorized Return (basis points) (D&O 30168 in Dkt No. 2019-0164, filed on 2/8/2012)		1,000		
22	ROE for sharing (basis points)		-		
23	Sharing Grid per RAM Provision		First 100 bp	Next 200 bp	All over 300 bp
24	Distribution of Excess ROE (basis points)		0	0	0
25	Ratepayer Share of Excess Earnings		25%	50%	90%
26	Ratepayer Earnings Share - Basis Points		-	-	-
27	Revenue Credit per Basis Point (Note 2)				\$ 50
28	Earnings Sharing Revenue Credits (thousands)				\$ -

Footnotes:

1	Composite Federal & State Income Tax Rate	38.91%
	Income Tax Factor ( 1 / 1-tax rate)	1.636929121
2	Ratemaking Equity Investment (line 19)	\$ 276,997
	Basis Point = 1/100 of a percent	0.01%
	Earnings Required per Basis Point (thousands)	\$ 27.70
	Times: Income Tax Conversion Factor	1.636929121
	Pretax Income Required per Basis Point (thousands)	\$ 45
	Times: Revenue Tax Conversion Factor	1.0975
	Revenue Requirement per Basis Point (thousands)	\$ 50

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

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

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

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

SCHEDULE J  
(REVISED 6-3-15)  
(REVISED 5-21-15)  
(REVISED 4-15-15)  
PAGE 1 OF 1

Line No.	Description (a)	Reference (b)	Amount \$000 (c)	
1	Adjusted 2014 Target Revenues	HELCO-WP-J-001	157,448	
2	Gross Domestic Product Price Index (GDPPPI)	HELCO-WP-C-002	0.011	
3	RAM Cap Increase	Line 1 x 2	1,732	
4	Adjusted 2014 RAM Revenue Adjustment	HELCO-WP-J-001	5,921	
5	RAM Cap for 2015 RAM Revenue Adjustment	Line 3 + 4	7,653	
6	LESS: 2015 Depreciation and Amortization in excess of Actual	HELCO-WP-J-003	(472)	Note 2
7	RAM Cap for 2015 RAM Revenue Adjustment, Adjusted	Line 5 + 6	7,181	

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 GDPPPI for intervening years, adjusted to include applicable revenue taxes."

Note 2 As stated on page 9 of the Companies' May 11, 2015 letter to the Commission and in Attachment 1 of the Companies Reply to the Consumer Advocate's Statement of Position, filed on May 21, 2015, the Companies are making an adjustment to reduce the 2015 RAM Cap by the amount in excess of the 2015 Depreciation and Amortization expense.

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

<u>Line No.</u>	<u>Description</u> (a)	<u>Reference</u> (b)	<u>Amount \$000</u> (c)
1	CIS Deferred Cost	Schedule K1	<u>408.3</u>
2	2015 Revenue Adjustment for Exceptional & Other Matters		<u>\$ 408.3</u>

Note 1 Exceptional and Other Matters:

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

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

Footnote 149 to the referred paragraph 107 above stipulates that such applicable matters include adjustments accounting for CT-1 costs (for the HECO Companies) and CIS costs (for all of the HECO Companies) as provided in a stipulated agreement approved by the commission as amended in Order No. 31126 in Docket No. 2008-0083.

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**EXCEPTIONAL & OTHER MATTERS - CIS**  
\$ in thousands

Line No.	Description (a)	Reference (b)	HELCO 2010 Test Year Rate Base		HELCO 2015 RAM Rate Base (Note 1)		
			Beg. Balance 12/31/2009 (c)	Budgeted Balance 12/31/2010 (d)	Recorded at 12/31/2014 (e)	RAM Projected Amounts (f)	Estimated at 12/31/2015 (g)
1	CIS Def Cost	HELCO-WP-D1-001	\$ -	\$ -	2,224	(213)	2,011
2	CIS ADIT		-	-			
3	28532 - CIS Project	Note 2			(806)	50	(756)
4	28612 - CIS Interest	Note 3			(20)	2	(18)
5	Adjustment	HELCO-WP-D4-002, HELCO-WP-K1-001			12	(1)	11
6	Total	Sum Line 1 - 5	\$ -	\$ -	\$ 1,410	\$ (163)	\$ 1,247
7	2015 Average Balance						\$ 1,328.3
8	Change in Rate Base	HELCO-WP-K1-001					\$ 1,328.3
9	Pretax Rate of Return	Schedule D					11.94%
10	Pretax Return Requirement	Line 8 x 9					\$ 158.6
11	Revenue Requirement \$000	Line 10 x 14					\$ 174.1
12	CIS Amortization	HELCO WP-D1-001					\$ 213.5
13	Revenue Requirement \$000	Line 12 x 14					\$ 234.3
14	Revenue Tax Factor (1/(1-8.885%))	Schedule D					1.0975
15	Revenue Requirement (Return on/of Ir	Line 11 + 13					\$ 408.3

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 commission, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Cap. Accordingly, adjustments for CT-1 costs (for HECO) and CIS costs (for all of the HECO Companies) as provided in a stipulated agreement approved by the commission as amended in Order No. 31126 in Docket No. 2008-0083 are being treated as Exceptional & Other Matters not subject to the RAM Cap.

Note 2 #28532 - CIS Project costs

	Reference	Federal	State	Total
Balance at 12/31/14	HELCO-WP-D4-001	(349,326)	(59,282)	(408,608)
AFUDC Adjustment	Note 2a	(335,802)	(61,404)	(397,206)
Balance at 12/31/2014 as adjusted		(685,128)	(120,686)	(805,814)
2015 Book Amortization	HELCO-WP-K1-002	206,413	206,413	
2015 Tax Amortization	HELCO-WP-K1-002	(71,789)	(143,578)	
Total 2015 Activity		134,624	62,835	
State Tax Deduction		3,781		
		130,843		
Tax Rate		35.00%	6.02%	
2015 Deferred Taxes		45,796	3,781	49,575
Balance at 12/31/15		(639,332)	(116,905)	(756,239)

Note 2a ADIT on originating AFUDC was recorded to CWIP Debt and Equity. This ADIT was properly included in rate base in the past, but there was no need to separately break this out until the RAM Cap was instituted. The ADIT is calculated as follows:

AFUDC Base	Federal	State	Total
(1,020,840)	(335,802)	(61,404)	(397,206)

Note 3 #28612 - CIS Interest

	Reference	Federal	State	Total
Balance at 12/31/14	HELCO-WP-D4-001A&B	(16,858)	(3,083)	(19,941)
Amortization	HELCO-WP-K1-003	4,920	4,920	
Tax Rate		32.89%	6.02%	
2015 Deferred Taxes		1,618	296	1,914
Balance at 12/31/15		(15,240)	(2,787)	(18,027)

Hawaii Electric Light Company, Inc.

Sales Forecast for June 2015 to May 2016  
in GWh

	2015						2016						
	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Total</u>
R	28.554	30.790	31.213	28.869	31.022	32.117	35.034	35.843	28.827	32.080	29.966	28.741	373.056
G/J	34.789	35.851	37.494	36.860	39.027	36.657	37.110	35.040	34.104	36.060	34.581	36.433	434.005
P	19.797	20.761	21.441	20.196	21.191	20.678	20.386	19.703	18.800	19.900	19.246	20.244	242.344
F	<u>0.424</u>	<u>0.460</u>	<u>0.462</u>	<u>0.448</u>	<u>0.464</u>	<u>0.459</u>	<u>0.459</u>	<u>0.476</u>	<u>0.453</u>	<u>0.455</u>	<u>0.440</u>	<u>0.484</u>	<u>5.483</u>
Total (A)	83.564	87.862	90.609	86.373	91.704	89.912	92.989	91.062	82.184	88.495	84.232	85.902	1,054.887
													(Full 12-months)
Scaling													
Factor (B)	0.76667	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
Adjusted													
Total	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Total</u>
(C = AxB)	64.066	87.862	90.609	86.373	91.704	89.912	92.989	91.062	82.184	88.495	84.232	85.902	1,035.389
													(Adjusted for partial month of June, 23 out of 30 days)

Source: December 2014 Update

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

HELCO-WP-J-001  
(REVISED 6-3-15)  
(REVISED 5-21-15)  
(REVISED 4-15-15)  
PAGE 1 OF 1

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	HELCO-WP-J-002, Page 1	(3,681)	
3	Depreciation & Amortization RAM Expense	HELCO-WP-J-002, Page 5	6,452	
4	<b>Total 2014 Adjusted RAM Revenue Adjustment</b>		<b>\$ 5,921</b>	Sch J
5	Last Rate Order Target Annual Revenues	Schedule B1	\$ 138,065	
6	Revenue Tax Factor (1/(1-8.885%))		1.0975	
7	<b>Last Rate Order Target Annual Revenues plus Revenue Taxes</b>	Line 5 x 6	<b>\$ 151,527</b>	
8	<b>2014 Adjusted Target Revenues subject to GDPPI Escalation</b>	Line 4 + 7	<b>\$ 157,448</b>	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."



**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	<u>PUC APPROVED CAPITAL STRUCTURE &amp; COSTS (Note 1):</u>						
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	<u>\$ 498,520</u>	<u>100.00%</u>		<u>8.31%</u>		<u>11.94%</u>
8	RAM CHANGE IN RATE BASE \$000 (From HELCO-WP-J-002, p.2)						<b>\$ (26,563)</b>
9	PRETAX RATE OF RETURN (Line 7, Col g)						11.94%
10	PRETAX RETURN REQUIREMENT						<b>\$ (3,171.6)</b>
11	REVENUE TAX FACTOR (1/(1-8.885%))						1.0975
12	RATE BASE RAM - RETURN ON INVESTMENT \$000						<b>\$ (3,480.9)</b>
13	Less: Exceptional and Other Matters (from HELCO-WP-J-002, p. 3)						(200.4)
14	RATE BASE RAM - RETURN ON INVESTMENT \$000						<b>\$ (3,681.29)</b>

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)

Line No.	Description (a)	HELCO 2010 Test Year Rate Base		HELCO 2014 RAM Rate Base		
		Beg Balance 12/31/2009 (b)	Budgeted Balance 12/31/2010 (c)	Adjusted Recorded at 12/31/2013 (d) Note (1)	Actual Adjusted Recorded at 12/31/2014 (f)	
1	Net Cost of Plant in Service	\$ 567,375	\$ 597,486	\$ 614,881	\$ 632,464	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	\$ 669,039	
15	Unamortized CIAC	\$ (69,566)	\$ (73,019)	\$ (89,763)	\$ (94,475)	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)	(92,618)	Note (2)
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)	\$ (231,791)	
24	Working Cash	\$ 3,238	\$ 3,238	\$ 3,238	\$ 3,238	
25	Rate Base at Proposed Rates	\$ 461,283	\$ 468,996	\$ 436,665	\$ 440,486	
26	Average Rate Base		\$ 465,139		\$ 438,576	
27	<b>Change in Rate Base</b>				<b>\$ (26,563)</b>	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)		
<b>Major Project Adjustments:</b>				
NA				
NA				
Total Adjustments	\$ -	\$ -	\$ -	\$ -
CIS Adjustment - ADIT				\$ 13
ERP - ADIT				\$ (90)
IVR - ADIT				\$ (117)
Adjusted 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.

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.

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**EXCEPTIONAL & OTHER MATTERS - RETURN ON INVESTMENT**  
 \$ in thousands

				HELCO 2014 RAM Rate Base (Note 1)		
Line No.	Description	Reference	Adjusted Recorded at 12/31/2013	RAM Projected Amounts	Actual Adjusted Recorded at 12/31/2014	
	(a)	(b)	(e)	(f)	(g)	
1	CIS Def Cost	HELCO-WP-J-002, p. 2	\$ 2,437	\$ (213)	\$ 2,224	
2	CIS-ADIT					
3	AFUDC ADIT Adjustment	Note 2	\$ (397)	\$ -	\$ (397)	
4	28532 - CIS Project & 28612 - CIS Interest	5/14/14 HELCO-WP-D4-001A&B	\$ (404)	\$ (25)	\$ (429)	
5	Adjustment	5/14/14 HELCO-WP-D4-002	13	(1)	12	
6	Total	Sum Lines 1 - 5	\$ 1,649	\$ (239)	\$ 1,409	
7	2014 Average Balance				\$ 1,529.0	
8	Change in Rate Base				<u>\$ 1,529.0</u>	
9	Pretax Rate of Return	Schedule D			11.94%	
10	Pretax Return Requirement	Line 8 x 9			\$ 182.6	
11	Revenue Requirement \$000	Line 10 x 14			<u>\$ 200.4</u>	HELCO-WP-J-002, p. 1
12	CIS Amortization	HELCO-WP-D1-001			\$ 213.5	
13	Revenue Requirement \$000	Line 12 x 14			<u>\$ 234.3</u>	
14	Revenue Tax Factor (1/(1-8.885%))	Schedule D			1.0975	
15	Total Return on/of Investment \$000	Line 11 + 13			<u>\$ 434.6</u>	

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 commission, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Cap. Accordingly, adjustments for CT-1 costs (for HECO) and CIS costs (for all of the HECO Companies) as provided in a stipulated agreement approved by the commission as amended in Order No. 31126 in Docket No. 2008-0083 are being treated as Exceptional & Other Matters not subject to the RAM Cap.

Note 2 ADIT on originating AFUDC was recorded to CWIP Debt and Equity. This ADIT was properly included in rate base in the past, but there was no need to separately break this out until the RAM Cap was instituted. The ADIT is calculated as follows:

AFUDC Base	Federal	State	Total
(1,020,840)	(335,802)	(61,404)	(397,206)

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

Line No.	NARUC Account	Recorded Depreciable/Amort. Balance (Footnote 3)	Adjustments	Adjusted Depreciable/Amort. Balance	PUC Approved Accrual Rate in Dkt No. 2009- 0321	Annual Accrual
	(a)	(b)	(c)	(d)	(e)	(f)
1	<b>Plant Accounts</b>					
2	311	\$ 18,493,579		\$ 18,493,579	0.02900	\$ 536,314
3	312	74,190,327		74,190,327	0.03080	2,285,062
4	314	51,282,487		51,282,487	0.02540	1,302,575
5	315	9,786,235		9,786,235	0.03350	327,839
6	316	-		-	-	-
7	Tot - Steam	153,752,629	-	153,752,629	0.02895	4,451,790
8						
9	331	97,513		97,513	0.00940	917
10	332	6,201,661		6,201,661	0.02030	125,894
11	333	2,107,816		2,107,816	0.02130	44,896
12	334	748,324		748,324	0.00620	4,640
13	336	121,311		121,311	0.00000	-
14	Tot - Hydro	9,276,624	-	9,276,624	0.01901	176,347
15						
16	341	23,762,902		23,762,902	0.02640	627,341
17	342	12,474,532		12,474,532	0.01990	248,243
18	343	66,717,078		66,717,078	0.02220	1,481,119
19	344	54,958,003		54,958,003	0.01910	1,049,698
20	345	7,650,886		7,650,886	0.01710	130,830
21	Tot - Other Prod	165,563,401	-	165,563,401	0.02136	3,537,231
22						
23	Tot - Prod	328,592,655	-	328,592,655		8,165,368
24						
25	3501	3,242,961		3,242,961	0.01460	47,347
26	352	3,644,103		3,644,103	0.00890	32,433
27	353	60,199,659		60,199,659	0.01980	1,191,953
28	354	60,778		60,778	0.02120	1,288
29	355	55,649,926		55,649,926	0.01750	973,874
30	356	38,851,802		38,851,802	0.04430	1,721,135
31	357	305,800		305,800	0.00000	-
32	358	672,020		672,020	0.00180	1,210
33	359	128,935		128,935	0.01350	1,741
34	Tot - Transm	162,755,984	-	162,755,984	0.02440	3,970,980
35						
36	3601	723,208		723,208	0.01990	14,392
37	361	3,237,981		3,237,981	0.01600	51,808
38	362	57,622,480		57,622,480	0.01820	1,048,729
39	363	1,194,003		1,194,003	0.03960	47,283
40	364	122,608,999		122,608,999	0.03780	4,634,620
41	365	102,916,821		102,916,821	0.03400	3,499,172
42	366	32,303,555		32,303,555	0.02870	927,112
43	367	108,662,321		108,662,321	0.04080	4,433,423
44	368	93,567,634		93,567,634	0.06870	6,428,096
45	369.1	41,061,806		41,061,806	0.03470	1,424,845
46	369.2	28,610,712		28,610,712	0.02850	815,405
47	370	18,038,246		18,038,246	0.04840	873,051
48	Tot - Distr	610,547,765	-	610,547,765	0.03963	24,197,935
49						
50	Tot - T & D	773,303,749	-	773,303,749		28,168,916
51						
52	390	17,728,378		17,728,378	0.01290	228,696
53	Tot - General	17,728,378	-	17,728,378	0.01290	228,696
54						
55	Sub-Total	1,119,624,782	-	1,119,624,782		36,562,980
56						
57	3921	6,443,052		6,443,052	0.15120	974,189
58	3922	13,529,491		13,529,491	0.02720	368,002
59	Tot - Vehicles	19,972,542	-	19,972,542	0.06720	1,342,192
60						
61						
62	Utility Total Depreciation	\$ 1,139,597,325	\$ -	\$ 1,139,597,325	0.03326	\$ 37,905,171

SCHEDULE E  
 (FILED 3-31-15)  
 (REVISED 4-15-15)  
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**Amortization Amounts**

316	\$	2,026,916		\$	2,026,916	0.05000	\$	101,346		
Tot - Steam		2,026,916	-		2,026,916	0.05000		101,346		
335		42,053			42,053	0.05000		2,103		
Tot - Hydro		42,053	-		42,053	0.05000		2,103		
346		2,448,413			2,448,413	0.05000		122,421		
Tot - Other Prod		2,448,413	-		2,448,413	0.05000		122,421		
Tot - Prod		4,517,382	-		4,517,382	0.05000		225,869		
3911		2,625,963			2,625,963	0.20000		525,193		
3912		327,730			327,730	0.10000		32,773		
3913		677,848			677,848	0.06670		45,212		
393		489,924			489,924	0.04000		19,597		
394		9,161,394			9,161,394	0.04000		366,456		
395		464,822			464,822	0.06670		31,004		
396		28,478			28,478	0.05560		1,583		
397		17,087,086			17,087,086	0.06670		1,139,709		
398		4,029,655			4,029,655	0.06670		268,778		
Tot - General	\$	34,892,899	\$	-	\$	34,892,899	0.06965	\$	2,430,304	
Net Unrecovered Amortization (Footnote 1)								754,348		
Utility Total Amortization	\$	39,410,281	\$	-	\$	39,410,281	0.08654	\$	3,410,522	
TOTAL RAM DEPRECIATION / AMORTIZATION								\$	41,315,693	
LESS: Vehicle Depreciation (A/C 392 above)								\$	(1,342,192)	
LESS: Depreciation & Amortization in Current Revenues								Footnote 2	\$	(33,208,900)
RAM Adjustment for Depreciation & Amortization								\$	6,764,601	
RAM Adjustment for CIAC Amortization								Sch. G	\$	(885,829)
RAM Adjustment for CIS Deferred Cost Amortization (Footnote 4)								\$	213,463	
Total RAM Adjustment for Depreciation & Amortization								\$	6,092,235	
Times: Factor for Revenue Taxes									1.0975	
RAM DEPRECIATION & AMORTIZATION								\$	6,686,314	
RAM Adjustment for CIS Def Cost Amortization (Line 103)								\$	(213,463)	
Depreciation and Amortization for Exceptional and Other Matters								\$	(213,463)	
Times: Factor for Revenue Taxes									1.0975	
Total Depreciation and Amortization for Exceptional and Other Matters								\$	(234,278)	
<b>ADJUSTED RAM DEPRECIATION &amp; AMORTIZATION (Line 100 + sum of Line 106 - 110)</b>								\$	6,452,036	

Footnotes:

1	Account	Net Unrecovered Amortization (c)(i)	Annual Recovery (c) / 5 years
	316	\$ 146,914	\$ 29,383
	335	24,160	4,832
	346	63,071	12,614
	3911	268,651	53,730
	3912	(17,354)	(3,471)
	3913	582,700	116,540
	393	(62,302)	(12,460)
	394	(176,472)	(35,294)
	395	149,469	29,894
	396	(7,654)	(1,531)
	397	2,277,517	455,503
	398	523,044	104,609
	Unrecovered Amortization	\$ 3,771,742	
	Annual Recovery (increases amortization expense annually for five years)		\$ 754,348

(i) Source: Accounting Records

2	<u>Depreciation &amp; Amortization in Current Revenues (ii):</u>	Depr/Amort Expense
	Total Depreciation	\$ 34,376,700
	LESS: Vehicle Depreciation (A/C 392)	(1,167,800)
	Net Depreciation in Current Revenues	\$ 33,208,900

(ii) HELCO Revised Schedules Resulting from Decision and Order No. 30168, HELCO T-13, Attachment 1, page 1, Response to Final D&O, filed 2/21/12, Docket No. 2009-0164.

3	Utility Total Depreciable Plant Balance - Line 62	\$ 1,139,597,325
	Utility Total Amortizable Plant Balance - Line 95	39,410,281
	Total Utility Depreciation and Amortization Plant Balance	\$ 1,179,007,605
	Total Utility Plant in Service Balance (iii)	\$ 1,184,263,893
	less: Land Balance (iv)	(5,232,304)
	less: ARO Asset Balance (v)	(23,984)
	Total	\$ 1,179,007,605

(iii) December 2014 Monthly Financial Report PUC, page 8

(iv) Accounting Records

(v) December 2014 Monthly Financial Report PUC, page 11

4 See HELCO-WP-D1-001, page 1.

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**EXCESS 2015 DEPRECIATION DUE TO GDPPI ESCALATION**

Line No.	Description (a)	Reference (b)	Amount (c)
1	Depreciation & Amortization in Current Revenues (not including RAM), grossed up for rev tax	Sch E x 1.0975	\$ 36,447,233
2	2015 Depreciation & Amortization RAM, as filed on 3/31/15	Sch E, WP-J-002	6,686,314
3	Less: Depreciation & Amortization related to CIS Def Cost and CT-1 Reg Asset	WP-J-002	(234,278)
4	2015 Depreciation & Amortization Revenues Adjusted	Lines 1 - 3	<u>\$ 42,899,268</u>
5	GDPPI escalator		1.10%
6	2015 Depr & Amort RAM per RAM Cap in excess of actual Adjusted 2015 Depreciation & Amortization	Line 4 x 5	<u>\$ 471,892</u>

**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**DECOUPLING CALCULATION WORKBOOK**  
**CIS PROJECT COSTS - ADIT**

	Book	Federal Tax Basis	State Tax Basis	Fed Book - Tax Difference	State Book - Tax Difference	ADIT		
						Federal 35.00%	State 6.01504%	Total
CIS Book Basis	8,071,054	8,071,054	8,071,054					
Book/Tax Differences:								
AFUDC		(1,014,686)	(1,014,686)					
Book Writedown of CIS Costs	(5,500,000)	(5,500,000)	(5,500,000)					
	2,571,054	1,556,368	1,556,368					
Book/Tax bases differences	(94,249)	(63,229)	(63,229)					
AFUDC		(6,154)	(6,154)					
Amortization through 2012-2013	(120,408)	(1,167,365)	(847,745)					
Balance as of 12/31/13	2,356,397	319,620	639,240	2,036,777	1,717,157	(676,721)	(103,288)	(780,009)
2014 Amortization	(206,413)	(247,831)	(495,662)					
Balance as of 12/31/14	2,149,984	71,789	143,578	2,078,195	2,006,406	(685,128)	(120,686)	(805,814)
2015 Amortization	(206,413)	(71,789)	(143,578)	(134,624)	(62,835)	45,796	3,780	49,575
Balance as of 12/31/15	1,943,571	-	-	1,943,571	1,943,571	(639,333)	(116,907)	(756,239)

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



**HAWAII ELECTRIC LIGHT COMPANY, INC.**  
**Major Projects: CIS Carrying Cost (amortize 12 years)**  
**Amortization of CIS Assets**

Amort. Period	CIS Def Post Go Live		CIS Final Cost - Amort	
	144 months		144 months	
<b>Reg Asset Balance per GL</b>				
Bal. 6/2013	<b>59,038</b>		<b>2,476,957</b>	
<b>Debit:</b>	<b>40,330,021.00</b>		<b>40,330,021.00</b>	
<b>Credit:</b>	<b>18,670,202.00</b>		<b>18,605,005.00</b>	
Jun-13	(409.99)	58,627.86	(17,201.09)	2,459,756.31
Jul-13	(409.99)	58,217.87	(17,201.09)	2,442,555.21
Aug-13	(409.99)	57,807.89	(17,201.09)	2,425,354.12
Sep-13	(409.99)	57,397.90	(17,201.09)	2,408,153.03
Oct-13	(409.99)	56,987.92	(17,201.09)	2,390,951.93
Nov-13	(409.99)	56,577.93	(17,201.09)	2,373,750.84
Dec-13	(409.99)	56,167.95	(17,201.09)	2,356,549.75
Jan-14	(409.99)	55,757.96	(17,201.09)	2,339,348.66
Feb-14	(409.99)	55,347.98	(17,201.09)	2,322,147.56
Mar-14	(409.99)	54,937.99	(17,201.09)	2,304,946.47
Apr-14	(409.99)	54,528.01	(17,201.09)	2,287,745.38
May-14	(409.99)	54,118.02	(17,201.09)	2,270,544.28
Jun-14	(409.99)	53,708.04	(17,201.09)	2,253,343.19
Jul-14	(409.99)	53,298.05	(17,201.09)	2,236,142.10
Aug-14	(409.99)	52,888.07	(17,201.09)	2,218,941.00
Sep-14	(409.99)	52,478.08	(17,201.09)	2,201,739.91
Oct-14	(409.99)	52,068.10	(17,201.09)	2,184,538.82
Nov-14	(409.99)	51,658.11	(17,201.09)	2,167,337.73
Dec-14	(409.99)	51,248.13	(17,201.09)	2,150,136.63
Jan-15	(409.99)	50,838.14	(17,201.09)	2,132,935.54
Feb-15	(409.99)	50,428.16	(17,201.09)	2,115,734.45
Mar-15	(409.99)	50,018.17	(17,201.09)	2,098,533.35
Apr-15	(409.99)	49,608.19	(17,201.09)	2,081,332.26
May-15	(409.99)	49,198.20	(17,201.09)	2,064,131.17
Jun-15	(409.99)	48,788.22	(17,201.09)	2,046,930.07
Jul-15	(409.99)	48,378.23	(17,201.09)	2,029,728.98
Aug-15	(409.99)	47,968.25	(17,201.09)	2,012,527.89
Sep-15	(409.99)	47,558.26	(17,201.09)	1,995,326.79
Oct-15	(409.99)	47,148.28	(17,201.09)	1,978,125.70
Nov-15	(409.99)	46,738.29	(17,201.09)	1,960,924.61
Dec-15	(409.99)	46,328.31	(17,201.09)	1,943,723.52
<b>2015 Activity</b>		<b>(4,919.82)</b>		<b>(206,413.12)</b>