



JOSEPH P. VIOLA
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. 15-05 (Decoupling)
Maui Electric's 2015 RBA Rate Adjustment Tariff Filing
Final Revised RBA Rate Adjustment

In accordance with Order No. 32866, enclosed for filing is Maui Electric Company, Limited's ("Maui Electric" or "Company") final revised RBA Rate Adjustment of 1.5987¢ per kilowatt-hour ("kWh"), effective June 8, 2015.

This filing includes the following attachments:

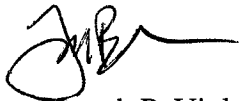
1. Summary of revisions in compliance with Order No. 32866 in Attachment 1;
2. Revised tariff sheets (in clean and blacklined versions) in compliance with Order No. 32866 including the Company's final revised RBA Rate Adjustment rate in Attachment 2; and
3. Final Revised 2015 Decoupling Calculation Workbook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

Based on the revised calculations, Maui Electric's 2015 RBA Rate Adjustment of 1.5987¢ per kWh is 0.0252¢ lower than the 2014 RBA Rate Adjustment that was previously in effect. The impact of the 2015 RBA Rate Adjustment on a typical Maui residential customer's 500 kWh bill is a reduction of \$0.13 from the impact of the 2014 RBA Rate Adjustment. The impact of the 2015 RBA Rate Adjustment on a typical Lāna'i and Moloka'i residential customer's 400 kWh bill is a reduction of \$0.11 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.¹

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

¹ 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
Hawaiian Electric			
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	
Hawaii Electric Light			
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)
Maui Electric			
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

Superseding Sheet No. 50E
Effective June 1, 2015

REVISED SHEET No. 50E
Effective June 8, 2015

MAUI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
97	"RBA"	June 1, 2013	Revenue Balancing Account Provision
97A	"RBA"	June 1, 2013	Revenue Balancing Account Provision
97B	"RBA"	March 1, 2014	Revenue Balancing Account Provision
97C	"RBA"	June 1, 2013	Revenue Balancing Account Provision
97D	"RBA"	June 8, 2015	Revenue Balancing Account Provision
98	EV-F	August 1, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
98A	EV-F	July 4, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
98B	EV-F	July 4, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
99	EV-U	July 4, 2013	Commercial Public Electric Vehicle Charging Service Pilot
99A	EV-U	July 4, 2013	Commercial Public Electric Vehicle Charging Service Pilot
99B	EV-U	July 4, 2013	Commercial Public Electric Vehicle Charging Service Pilot

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated June 3, 2015.

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

Maui, Lanai, and Molokai Divisions

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

RBA Rate Adjustment

All Rate Schedules 1.5987 ¢/kWh

F. NOTICE

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

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

G. SETTLEMENT AGREEMENT

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

H: COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, INC.

Superseding Sheet No. 50D
Effective June 1, 2015

REVISED SHEET No. 50D
Effective June 8, 2015

MAUI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
91.1	"TOU-G"	August 1, 2013	Small Commercial Time-of-Use
91.1A	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
91.1B	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
92.1	"TOU-J"	August 1, 2013	Commercial Time-of-Use
92.1A	"TOU-J"	January 12, 2011	Commercial Time-of-Use
92.1B	"TOU-J"	August 1, 2013	Commercial Time-of-Use
93.1	"TOU-P"	August 1, 2013	Large Power Time-of-Use
93.1A	"TOU-P"	January 12, 2011	Large Power Time-of-Use
93.1B	"TOU-P"	August 1, 2013	Large Power Time-of-Use
94-94E	"FIT"	December 30, 2011	Schedule FIT Tier 3
94.1-94.1DX	"FIT"	December 30, 2011	Schedule FIT Tier 3 Agreement
94.2-94.2E	"FIT"	December 30, 2011	Schedule FIT Tier 3 Queuing and Interconnection Proc.
95	"PPAC"	June 1, 2015	Purchase Power Adjustment Clause
95A	"PPAC"	June 1, 2015	Purchase Power Adjustment Clause
95B	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
96	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
96A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
96B	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
96C	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
96D	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
96E	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
96F	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
96G	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
96H	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
96I	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

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

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Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

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

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Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

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

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

Rate Adjustment Mechanism

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

Evaluation Period Earnings Sharing:

1. For the twelve month period ending December 31, of each year (the "Evaluation Period"), with the filing to be made no

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Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

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

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

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RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

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

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

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

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

g.) See also Settlement Agreement section below

RAM REVENUE ADJUSTMENT CAP

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

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

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

Exception to the calculation of the RAM Revenue Adjustment Cap:

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

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

Evaluation Procedures

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

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

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

Notice

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

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

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

SETTLEMENT AGREEMENT

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

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

COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding Sheet No. 50I
Effective June 1, 2015

REVISED SHEET NO. 50I
Effective June 8, 2015

LANAI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
108	"RBA"	June 1, 2013	Revenue Balancing Account Provision
108A	"RBA"	June 1, 2013	Revenue Balancing Account Provision
108B	"RBA"	March 1, 2014	Revenue Balancing Account Provision
108C	"RBA"	June 1, 2013	Revenue Balancing Account Provision
108D	"RBA"	June 8, 2015	Revenue Balancing Account Provision
109	EV-F	August 1, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
109A	EV-F	July 4, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
109B	EV-F	July 4, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
110	EV-U	July 4, 2013	Commercial Public Electric Vehicle Charging Service Pilot
110A	EV-U	July 4, 2013	Commercial Public Electric Vehicle Charging Service Pilot
110B	EV-U	July 4, 2013	Commercial Public Electric Vehicle Charging Service Pilot

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated June 3, 2015.

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

Maui, Lanai, and Molokai Divisions

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

RBA Rate Adjustment

All Rate Schedules 1.5987 ¢/kWh

F. NOTICE

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

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

G. SETTLEMENT AGREEMENT

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

H: COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, INC.

Superseding Sheet No. 50H
Effective March 30, 2014

REVISED SHEET NO. 50H
Effective June 8, 2015

LANAI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
103.1	"TOU-G"	August 1, 2013	Small Commercial Time-of-Use
103.1A	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
103.1B	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
104.1	"TOU-J"	August 1, 2013	Commercial Time-of-Use
104.1A	"TOU-J"	January 12, 2011	Commercial Time-of-Use
104.1B	"TOU-J"	August 1, 2013	Commercial Time-of-Use
105.1	"TOU-P"	August 1, 2013	Large Power Time-of-Use
105.1A	"TOU-P"	January 12, 2011	Large Power Time-of-Use
105.1B	"TOU-P"	August 1, 2013	Large Power Time-of-Use
106	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
106A	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
106B	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
107	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
107A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
107B	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107C	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107D	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107E	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107F	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107G	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107H	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision
107I	"RAM"	June 8, 2015	Rate Adjustment Mechanism Provision

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

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

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

Rate Adjustment Mechanism

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

Evaluation Period Earnings Sharing:

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

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

- a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's 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 Capital Projects Credits recorded during the Evaluation Period, and
- d) A calculation comparing the achieved return on average common equity to the following earnings sharing grid, and indicating the Earnings Sharing Revenue Credit that should be recorded within the Revenue Balancing Account to effect the prescribed sharing of earnings above authorized levels:

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

RAM Period RAM Revenue Adjustment Calculation:

- 2) The Company shall provide additional schedules indicating the following proposed RAM Revenue Adjustment Calculation applicable for the RAM Period using the methodology set forth below:
 - a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

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

MAUI ELECTRIC COMPANY, LTD.

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

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

MAUI ELECTRIC COMPANY, LTD.

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

RAM REVENUE ADJUSTMENT CAP

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

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

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

Exception to the calculation of the RAM Revenue Adjustment Cap:

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

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

applicable revenue taxes.

Evaluation Procedures

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

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

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

Notice

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

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

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

SETTLEMENT AGREEMENT

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

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

COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

Superseding Sheet No. 100E
Effective June 1, 2015

REVISED SHEET NO. 100E
Effective June 8, 2015

MOLOKAI DIVISION
RATE SCHEDULES (Continued)

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

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated June 3, 2015.

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

Maui, Lanai, and Molokai Divisions

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

RBA Rate Adjustment

All Rate Schedules 1.5987 ¢/kWh

F. NOTICE

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

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

G. SETTLEMENT AGREEMENT

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

H: COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, INC.

Transmittal Letter dated June 3, 2015.

Superseding Sheet No. 100E
Effective June 1, 2014

REVISED SHEET NO. 100E
Effective June 8, 2015

MOLOKAI DIVISION
RATE SCHEDULES (Continued)

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

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

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

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

Rate Adjustment Mechanism

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

Evaluation Period Earnings Sharing:

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

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

- a) Company's recorded actual average net plant in service, accumulated deferred income taxes, inventory, working capital, and other rate base components. The schedules shall also show the utility's 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 Capital Projects Credits recorded during the Evaluation Period, and
- d) A calculation comparing the achieved return on average common equity to the following earnings sharing grid, and indicating the Earnings Sharing Revenue Credit that should be recorded within the Revenue Balancing Account to effect the prescribed sharing of earnings above authorized levels:

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

RAM Period RAM Revenue Adjustment Calculation:

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

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

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

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

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

MAUI ELECTRIC COMPANY, LTD.

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

RAM REVENUE ADJUSTMENT CAP

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

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

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

Exception to the calculation of the RAM Revenue Adjustment Cap:

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

The RAM Revenue Adjustment Cap for year 2015 and for each subsequent year until the issuance of a final decision and order in the next rate case shall be calculated as the RAM Basis, multiplied

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

by the cumulative annually compounded increase(s) in the GDPPI for the years between 2014 and the RAM Period, adjusted to include applicable revenue taxes.

Evaluation Procedures

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

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

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

Notice

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

MAUI ELECTRIC COMPANY, LTD.

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

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

SETTLEMENT AGREEMENT

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

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

COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated June 3, 2015.

ATTACHMENT 2A

Superseding Sheet No. 50E
Effective ~~June 1, 2015~~~~June 1,~~
~~2014~~

REVISED SHEET No. 50E
Effective ~~June 8, 2015~~~~June 1,~~
~~2015~~

MAUI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
97	"RBA"	June 1, 2013	Revenue Balancing Account Provision
97A	"RBA"	June 1, 2013	Revenue Balancing Account Provision
97B	"RBA"	March 1, 2014	Revenue Balancing Account Provision
97C	"RBA"	June 1, 2013	Revenue Balancing Account Provision
97D	"RBA"	June 1 <u>8</u> , 2015	Revenue Balancing Account Provision
98	EV-F	August 1, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
98A	EV-F	July 4, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
98B	EV-F	July 4, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
99	EV-U	July 4, 2013	Commercial Public Electric Vehicle Charging Service Pilot
99A	EV-U	July 4, 2013	Commercial Public Electric Vehicle Charging Service Pilot
99B	EV-U	July 4, 2013	Commercial Public Electric Vehicle Charging Service Pilot

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated ~~May 29~~June 3, 2015.

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

Maui, Lanai, and Molokai Divisions

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

RBA Rate Adjustment

All Rate Schedules ~~0.0000~~1.5987 ¢/kWh

F. NOTICE

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

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

G. SETTLEMENT AGREEMENT

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

H: COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, INC.

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

REVISED SHEET No. 50D
 Effective ~~June 8, 2015~~ June 1, 2015

MAUI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
91.1	"TOU-G"	August 1, 2013	Small Commercial Time-of-Use
91.1A	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
91.1B	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
92.1	"TOU-J"	August 1, 2013	Commercial Time-of-Use
92.1A	"TOU-J"	January 12, 2011	Commercial Time-of-Use
92.1B	"TOU-J"	August 1, 2013	Commercial Time-of-Use
93.1	"TOU-P"	August 1, 2013	Large Power Time-of-Use
93.1A	"TOU-P"	January 12, 2011	Large Power Time-of-Use
93.1B	"TOU-P"	August 1, 2013	Large Power Time-of-Use
94-94E	"FIT"	December 30, 2011	Schedule FIT Tier 3
94.1-94.1DX	"FIT"	December 30, 2011	Schedule FIT Tier 3 Agreement
94.2-94.2E	"FIT"	December 30, 2011	Schedule FIT Tier 3 Queuing and Interconnection Proc.
95	"PPAC"	June 1, 2015	Purchase Power Adjustment Clause
95A	"PPAC"	June 1, 2015	Purchase Power Adjustment Clause
95B	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
96	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
96A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
96B	"RAM"	March 30, 2014 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
96C	"RAM"	March 30, 2014 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
96D	"RAM"	May 4, 2012 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
96E	"RAM"	March 30, 2014 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
96F	"RAM"	May 4, 2012 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
96G	"RAM"	June 8, 2015 <u>March 30, 2014</u>	Rate Adjustment Mechanism Provision
96H	"RAM"	June 1, 2013 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
<u>96I</u>	<u>"RAM"</u>	<u>June 8, 2015</u>	<u>Rate Adjustment Mechanism Provision</u>

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated ~~May 21~~ June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

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

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Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

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

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

~~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

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Superseding Sheet No. 96B
Effective ~~May 4, 2012~~ June 1, 2013
~~2013~~ March 30, 2014

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Effective ~~June 1,~~

RATE ADJUSTMENT MECHANISM PROVISION (continued)

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Projects costs that the Commission disallows for cost recovery.
The Major Capital Projects Credits are to be refunded through the

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Decision and Order No. 31908; Filed on February 7, 2014.
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RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

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

~~ff~~) 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 ~~(ff)~~ii. of Section 2 of the Rate Adjustment Mechanism below. Because the Commission's review of baseline capital projects may not occur until the rate case after such baseline capital projects are included in one or more RAM Revenue Adjustment filings, Baseline Capital Projects Credits shall be used to refund to customers any prior collections (i.e., Return on Investment on Rate Base and Depreciation, plus interest) relating to the amount of Baseline Capital Projects costs that the Commission subsequently disallows for cost recovery. The Baseline Capital Projects Credits are to be refunded through the RBA Provision, commencing on June 1 of the calendar year containing the Annual Evaluation Date and over the subsequent 12 months after June 1.

Rate Adjustment Mechanism

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

Evaluation Period Earnings Sharing:

1. For the twelve month period ending December 31, of each year (the "Evaluation Period"), with the filing to be made no

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RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

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

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

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

Transmittal Letter Dated ~~May 3, 2012~~ June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

- 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 shall be quantified for the RAM Period by application of the Non-labor Escalation Rate to non-labor Base Expenses. Non-labor components shall exclude fuel, purchased power, pension/OPEBs, IRP/DSM or other rate adjustment provisions.
 - b) Depreciation and Amortization RAM Adjustment shall be quantified for the RAM Period by application of Commission-approved accrual rates and methods to the actual recorded Plant in Service balances at the end of the Evaluation Period.
 - c) The Rate Base RAM - Return on Investment ~~Adjustment~~ 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 (d) of this Section 2.
 - f) Rate Base for the RAM Period shall be quantified as follows:

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RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

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

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions
future Commission Decision & Order in a general rate case.

~~g)~~
~~h)~~

~~gh~~g.) See also Settlement Agreement section below

RAM REVENUE ADJUSTMENT CAP

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

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

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

Exception to the calculation of the RAM Revenue Adjustment Cap:

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

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Superseding Sheet No. 96F
Effective March 30, 2014

REVISED SHEET NO. 96F
Effective ~~May 4, 2012~~

June 8, 2015

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Maui, Lanai, and Molokai Divisions

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

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

Transmittal Letter Dated ~~May 3, 2012~~ June 3, 2015.

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

applicable revenue taxes.

Evaluation Procedures

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

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

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

Notice

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

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

Transmittal Letter Dated ~~May 3, 2012~~ June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

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

SETTLEMENT AGREEMENT

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

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

COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated ~~May 1, 2013~~ June 3, 2015.

Superseding Sheet No. 50I

REVISED SHEET NO. 50I

Effective ~~June 1, 2015~~ ~~June 1, 2014~~
~~2015~~ ~~June 1, 2015~~

Effective June 8,

LANAI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
108	"RBA"	June 1, 2013	Revenue Balancing Account Provision
108A	"RBA"	June 1, 2013	Revenue Balancing Account Provision
108B	"RBA"	March 1, 2014	Revenue Balancing Account Provision
108C	"RBA"	June 1, 2013	Revenue Balancing Account Provision
108D	"RBA"	June 1 <u>8</u> , 2015	Revenue Balancing Account Provision
109	EV-F	August 1, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
109A	EV-F	July 4, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
109B	EV-F	July 4, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
110	EV-U	July 4, 2013	Commercial Public Electric Vehicle Charging Service Pilot
110A	EV-U	July 4, 2013	Commercial Public Electric Vehicle Charging Service Pilot
110B	EV-U	July 4, 2013	Commercial Public Electric Vehicle Charging Service Pilot

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated ~~May 29~~ June 3, 2015.

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

Maui, Lanai, and Molokai Divisions

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

RBA Rate Adjustment

All Rate Schedules ~~0.0000~~1.5987 ¢/kWh

F. NOTICE

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

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

G. SETTLEMENT AGREEMENT

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

H: COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, INC.

Superseding Sheet No. 50H
Effective ~~June 1, 2013~~ March 30, 2014
~~March 30, 2014~~ June 8, 2015

REVISED SHEET NO. 50H
Effective _____

LANAI DIVISION

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
103.1	"TOU-G"	August 1, 2013	Small Commercial Time-of-Use
103.1A	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
103.1B	"TOU-G"	January 12, 2011	Small Commercial Time-of-Use
104.1	"TOU-J"	August 1, 2013	Commercial Time-of-Use
104.1A	"TOU-J"	January 12, 2011	Commercial Time-of-Use
104.1B	"TOU-J"	August 1, 2013	Commercial Time-of-Use
105.1	"TOU-P"	August 1, 2013	Large Power Time-of-Use
105.1A	"TOU-P"	January 12, 2011	Large Power Time-of-Use
105.1B	"TOU-P"	August 1, 2013	Large Power Time-of-Use
106	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
106A	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
106B	"PPAC"	May 4, 2012	Purchase Power Adjustment Clause
107	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
107A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
107B	"RAM"	March 30, 2014 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
107C	"RAM"	March 30, 2014 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
107D	"RAM"	May 4, 2012 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
107E	"RAM"	March 30, 2014 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
107F	"RAM"	March 30, 2014 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
107G	"RAM"	June 1, 2013 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
107H	"RAM"	June 1, 2013 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
<u>107I</u>	<u>"RAM"</u>	<u>June 8, 2015</u>	<u>Rate Adjustment Mechanism Provision</u>

MAUI ELECTRIC COMPANY, LIMITED

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

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RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

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Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

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

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Transmittal Letter Dated May 1, 2013.

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

Effective June 8,

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

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

~~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

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~~Decision and Order No. 31908, Filed on February 7, 2014.~~
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RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

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

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

Rate Adjustment Mechanism

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

Evaluation Period Earnings Sharing:

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

MAUI ELECTRIC COMPANY, LTD.

Effective May 4, 2012

Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

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

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

MAUI ELECTRIC COMPANY, LTD.

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

Transmittal Letter Dated ~~May 3, 2012~~ June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

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

MAUI ELECTRIC COMPANY, LTD.

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

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

Effective May 4, 2012

Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

~~e~~d) The revenue impact of any Exogenous Tax Changes shall be included in the RAM Period calculation of the RAM Revenue Adjustment.

~~f~~e) Revenue taxes shall be adjusted to account for the change in parts (a) through (e) of this Section 2.

~~g~~f) Rate Base for the RAM Period shall be quantified as follows:

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

Transmittal Letter Dated ~~May 3, 2012~~ June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

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

MAUI ELECTRIC COMPANY, LTD.

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

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

| [hg](#).) See also Settlement Agreement section below.

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

RAM REVENUE ADJUSTMENT CAP

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

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

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

Exception to the calculation of the RAM Revenue Adjustment Cap:

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

The RAM Revenue Adjustment Cap for year 2015 and for each subsequent year until the issuance of a final decision and order in the next rate case shall be calculated as the RAM Basis, multiplied

by the cumulative annually compounded increase(s) in the GDPPI for the years between 2014 and the RAM Period, adjusted to include

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

applicable revenue taxes.

-Evaluation Procedures

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

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

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

Notice

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

MAUI ELECTRIC COMPANY, LTD.

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

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

SETTLEMENT AGREEMENT

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

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

COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated ~~May 1, 2013~~ June 3, 2015.

Effective ~~March 30, 2014~~ June 1, 2015
~~2015~~ ~~June 1, 2014~~Effective June 8,MOLOKAI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
151A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
151B	"RAM"	March 30, 2014 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
151C	"RAM"	March 30, 2014 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
151D	"RAM"	May 4, 2012 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
151E	"RAM"	March 30, 2014 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
151F	"RAM"	March 30, 2014 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
151G	"RAM"	June 1, 2013 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
151H	"RAM"	June 18, 2013 <u>2015</u>	Rate Adjustment Mechanism Provision
<u>151I</u>	<u>"RAM"</u>	<u>June 8, 2015</u>	<u>Rate Adjustment Mechanism Provision</u>
152	"RBA"	June 1, 2013	Revenue Balancing Account Provision
152A	"RBA"	June 1, 2013	Revenue Balancing Account Provision
152B	"RBA"	March 1, 2014	Revenue Balancing Account Provision
152C	"RBA"	June 1, 2013	Revenue Balancing Account Provision
152D	"RBA"	June 1, 2014 <u>June 8, 2015</u>	Revenue Balancing Account Provision
153	EV-F	August 1, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
153A	EV-F	July 4, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
153B	EV-F	July 4, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
154	EV-U	July 4, 2013	Commercial Public Electric Vehicle Charging Service Pilot

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated ~~May 14, 2014~~ June 3, 2015.

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

Maui, Lanai, and Molokai Divisions

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

RBA Rate Adjustment

All Rate Schedules ~~0.0000~~1.5987 ¢/kWh

F. NOTICE

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

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

G. SETTLEMENT AGREEMENT

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

H: COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, INC.

Effective ~~March 30, 2014~~ June 1, 2014
2015~~June 1, 2014~~Effective June 8,MOLOKAI DIVISION
RATE SCHEDULES (Continued)

<u>Sheet</u>	<u>Schedule</u>	<u>Date Effective</u>	<u>Character of Service</u>
151A	"RAM"	June 1, 2013	Rate Adjustment Mechanism Provision
151B	"RAM"	March 30, 2014 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
151C	"RAM"	March 30, 2014 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
151D	"RAM"	May 4, 2012 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
151E	"RAM"	March 30, 2014 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
151F	"RAM"	March 30, 2014 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
151G	"RAM"	June 1, 2013 <u>June 8, 2015</u>	Rate Adjustment Mechanism Provision
151H	"RAM"	June 18, 2013 <u>2015</u>	Rate Adjustment Mechanism Provision
<u>151I</u>	<u>"RAM"</u>	<u>June 8, 2015</u>	<u>Rate Adjustment Mechanism Provision</u>
152	"RBA"	June 1, 2013	Revenue Balancing Account Provision
152A	"RBA"	June 1, 2013	Revenue Balancing Account Provision
152B	"RBA"	March 1, 2014	Revenue Balancing Account Provision
152C	"RBA"	June 1, 2013	Revenue Balancing Account Provision
152D	"RBA"	June 1, 2014 <u>June 8, 2015</u>	Revenue Balancing Account Provision
153	EV-F	August 1, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
153A	EV-F	July 4, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
153B	EV-F	July 4, 2013	Commercial Public Electric Vehicle Charging Facility Service Pilot
154	EV-U	July 4, 2013	Commercial Public Electric Vehicle Charging Service Pilot

MAUI ELECTRIC COMPANY, LIMITED

Transmittal Letter Dated ~~May 14, 2014~~ June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

Rate Adjustment Mechanism ("RAM") Provision

Purpose

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

Definitions

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

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

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

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

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

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

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

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

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

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

~~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.

~~oq)~~ 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

MAUI ELECTRIC COMPANY, LTD.

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

RATE ADJUSTMENT MECHANISM PROVISION
Maui, Lanai, and Molokai Divisions

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

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

Rate Adjustment Mechanism

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

Evaluation Period Earnings Sharing:

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

MAUI ELECTRIC COMPANY, LTD.

Effective May 4, 2012

Effective June 8, 2015

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

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

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

MAUI ELECTRIC COMPANY, LTD.

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

Transmittal Letter Dated ~~May 3, 2012~~ June 3, 2015.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

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

- a) The O&M RAM Adjustment shall adjust Base Expenses segregated between labor and non-labor components and treated as follows:
 - i. The labor component shall be quantified for the RAM Period by application of the Labor Cost Escalation Rate, reduced to account for the Productivity Offset to labor expenses, including payroll taxes. The part of Base Expenses that represents labor costs for merit employees shall not be subject to application of the Labor Cost Escalation rate, nor be reduced by the Productivity Offset.
 - ii. The Non-labor components shall be quantified for the RAM Period by application of the Non-labor Escalation Rate to non-labor Base Expenses. Non-labor components shall exclude fuel, purchased power, pension/OPEBs, IRP/DSM or other rate adjustment provisions.
- b) Depreciation and Amortization RAM Adjustment shall be quantified for the RAM Period by application of Commission-approved accrual rates and methods to the actual recorded Plant in Service balances at the end of the Evaluation Period.
- ~~e) 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.~~
- ~~d) 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 (gf) of this Section 2.
- ~~e) d) The revenue impact of any Exogenous Tax Changes shall be included in the RAM Period calculation of the RAM Revenue Adjustment.~~

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (continued)

Maui, Lanai, and Molokai Divisions

~~f~~e) Revenue taxes shall be adjusted to account for the change in parts (a) through (e) of this Section 2.

~~g~~f) Rate Base for the RAM Period shall be quantified as follows:

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

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

MAUI ELECTRIC COMPANY, LTD.

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

Superseding Sheet No. 96G

REVISED SHEET NO. 96G

Effective ~~May 4, 2012~~ June 1, 2013
~~1, 2013~~

Effective June 1, 2015~~June~~

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

hg.) See also Settlement Agreement section below.

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated May 1, 2013.

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

RAM REVENUE ADJUSTMENT CAP

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

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

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

Exception to the calculation of the RAM Revenue Adjustment Cap:

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

The RAM Revenue Adjustment Cap for year 2015 and for each subsequent year until the issuance of a final decision and order in

MAUI ELECTRIC COMPANY, LTD.

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

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.

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

MAUI ELECTRIC COMPANY, LTD.

Superseding Sheet No. 151G
Effective ~~May 4, 2012~~ June 1, 2013
~~1, 2013~~

REVISED SHEET NO. 151G
Effective June 8, 2015~~June~~
~~1, 2013~~

RATE ADJUSTMENT MECHANISM PROVISION (Continued)

Maui, Lanai, and Molokai Divisions

tariff. The notice to customers shall include the following information:

MAUI ELECTRIC COMPANY, LTD.

| Transmittal Letter Dated ~~May 1, 2013~~ June 3, 2015.

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

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

SETTLEMENT AGREEMENT

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

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

COMMISSION'S AUTHORITY

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

MAUI ELECTRIC COMPANY, LTD.

Transmittal Letter Dated ~~May 1, 2013~~June 3, 2015.

ATTACHMENT 3

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

Line No.	Description (a)	Reference (b)	Amount (c)	Rate Amount (d)
RECONCILIATION OF RBA BALANCE:				
1	RBA Prior calendar year-end balance	Schedule B	\$ 6,789,533	
2	Revenue Tax Factor	Schedule C	1.0975	
3	Revenue for RBA Balance			\$ 7,451,513
RATE ADJUSTMENT MECHANISM "RAM" AMOUNT:				
4	Total RAM Revenue Adjustment Allowed	Note (3)		\$ 10,122,159
5	<u>EARNINGS SHARING REVENUE CREDITS - 2014 ROE:</u>	Schedule H		\$ (520,522)
6	<u>PUC-ORDERED MAJOR OR BASELINE CAPITAL PROJECTS CREDITS:</u>	Schedule I		\$ -
7	TOTAL RBA REVENUE ADJUSTMENT - Revised	Sum Col. (d)		\$ 17,053,150
8	GWH SALES VOLUME ESTIMATE JUNE 2015 - MAY 2016	MECO-WP-A-001		1,066.706
9	RBA RATE ADJUSTMENT, RBA Balance - ¢ per kWh - Revised	Note (1)		1.5987
10	MONTHLY BILL IMPACT @ 600 KWH - Maui Division - Revised			\$ 9.59
	MONTHLY BILL IMPACT @ 500 KWH - Maui Division			\$ 7.99
11	MONTHLY BILL IMPACT @ 400 KWH - Molokai and Lanai Divisions - Revised			\$ 6.39

Note (1): 2015 RBA Rate Adjustment Breakdown

	Col. (d)	Rate Adjustment cents per kWh	Percentage Share
RBA Balance	\$ 7,451,513	0.69855358	43.6958%
RAM Amount	\$ 10,122,159	0.94891742	59.3565%
Earnings Sharing Revenue Credits	\$ (520,522)	-0.04879717	-3.0524%
Major or Baseline Capital Projects Credits	\$ -	0.00000000	0.0000%
	\$ 17,053,150	1.59867383	100.00%

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

Note (3): Total RAM Revenue Adjustment Allowed				
Total RAM Revenue Adjustment Allowed before Adjustments per Order No. 32866	Schedule A1		\$	11,751,249
Less:				
O&M Expense Impact of Change in On-cost Clearing Allocation	Note (3a)	(1,215,520)		
Revenue Tax Factors	Schedule C	1.0975		
Adjustment for Change in On-cost Clearing Allocation			\$	(1,334,033)
Adjustment for 2014 Bonus Tax Depreciation	Note (3b)		\$	(295,057)
			\$	10,122,159

(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 Maui Electric is (\$1,215,520).

(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.

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

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

Line No.	Description (a)	Reference (b)	Amount (c)
RAM REVENUE ADJUSTMENT DETERMINED ACCORDING TO EXISTING TARIFFS AND PROCEDURES			
		3/31/15 Decoupling Filing,	
1	O&M RAM	Sch A	\$ 2,764,684
2	Rate Base RAM - Return on Investment (Note 2)	Schedule D	\$ 6,849,188
		3/31/15 Decoupling Filing,	
3	Depreciation & Amortization RAM Expense	Sch E, Line 200	\$ 3,394,698
4	Total Adjusted RAM Revenue Adjustment		\$ 13,008,570
RAM REVENUE ADJUSTMENT CAP			
5	RAM Cap for 2015 RAM Revenue Adjustment	Schedule J	\$ 11,320,950
6	Plus: Exceptional and Other Matters	Schedule K	430,300
7	2015 Cap - Total Adjusted RAM Revenue Adjustment (Note 3)		\$ 11,751,249
8	Total RAM Revenue Adjustment Allowed (Note 1)	Lesser of Line 4 or Line 7	\$ 11,751,249
			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 GDPPI cap."

Therefore, the 10% reduction pursuant to Order No. 31908 has been eliminated from the calculation of 2014's Rate Base RAM- Return on Investment.

Note 3 Total RAM Cap:

See Decision and Order No. 32735, filed March 31, 2015, paragraph 110, page 96:

"The RAM Cap will apply to the entire RAM Revenue Adjustment including the O&M RAM, Rate Base RAM (including Major Capital Projects and Baseline Projects), and the Depreciation and Amortization RAM."

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
SUMMARY OF ACCUMULATED REVENUE BALANCING ACCOUNT

Line No.	Month	Beginning Balance	Target Revenues	Recorded Adjusted Revenue	Variance to RBA	Adjustment for prior year RBA recovery	Adjustment	Tax-effected Balances Subject to Interest	Interest at 6% or 1.25%/year	Ending Balance
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Monthly RBA Balance and Activity (Monthly PUC Rpt., Pg. 9A)										
1	2013 December	\$ 9,181,027	\$ 10,183,458	\$ 10,095,600	\$ 87,858	\$ (455,271)	\$ (68,595)	n/a	\$ 44,644	\$ 8,789,663
2	January 2014 Adjustments - (Note 1)									\$ (12,125)
3	REVISED 2013 December									\$ 8,777,538
4										
5	2014 January	\$ 8,789,663	\$ 10,383,870	\$ 9,793,420	\$ 590,450	\$ (432,879)	\$ (9,226)	n/a	\$ 44,296	\$ 8,982,304
6	February	\$ 8,982,304	\$ 9,206,447	\$ 9,199,215	\$ 7,232	\$ (401,038)	\$ -	n/a	\$ 43,927	\$ 8,632,425
7	March	\$ 8,632,425	\$ 10,371,345	\$ 9,931,482	\$ 439,863	\$ (426,425)	\$ 10,643	n/a	\$ 9,010	\$ 8,665,517
8	April	\$ 8,665,517	\$ 9,870,313	\$ 9,675,102	\$ 195,211	\$ (416,736)	\$ -	n/a	\$ 8,911	\$ 8,452,903
9	May	\$ 8,452,903	\$ 10,496,602	\$ 10,112,790	\$ 383,812	\$ (443,005)	\$ (41,405)	\$ 5,120,503	\$ 5,334	\$ 8,357,638
10	June	\$ 8,357,638	\$ 11,050,888	\$ 10,228,912	\$ 821,976	\$ (739,833)	\$ -	\$ 5,130,772	\$ 5,345	\$ 8,445,126
11	July	\$ 8,445,126	\$ 11,518,376	\$ 10,860,195	\$ 658,181	\$ (803,716)	\$ (1,948)	\$ -	\$ 5,113,484	\$ 5,327
12	August	\$ 8,302,970	\$ 11,687,191	\$ 11,006,364	\$ 680,827	\$ (806,393)	\$ -	\$ 5,033,930	\$ 5,244	\$ 8,182,648
13	September	\$ 8,182,648	\$ 10,830,130	\$ 10,430,754	\$ 399,376	\$ (771,042)	\$ (90)	\$ 4,885,199	\$ 5,089	\$ 7,815,981
14	October	\$ 7,815,981	\$ 11,401,504	\$ 10,940,596	\$ 460,908	\$ (819,165)	\$ -	\$ 4,665,353	\$ 4,860	\$ 7,462,584
15	November	\$ 7,462,584	\$ 10,635,343	\$ 10,209,693	\$ 425,650	\$ (744,615)	\$ -	\$ 4,461,465	\$ 4,647	\$ 7,148,266
16	December	\$ 7,148,266	\$ 10,557,429	\$ 10,185,837	\$ 371,592	\$ (734,758)	\$ -	\$ 4,255,947	\$ 4,433	\$ 6,789,533
17	2015 January	\$ -	\$ 10,765,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	February	\$ -	\$ 9,544,539	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	March	\$ -	\$ 10,752,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	April	\$ -	\$ 10,232,785	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	May	\$ -	\$ 10,882,073	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	June	\$ -	\$ 11,388,951	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	July	\$ -	\$ 11,870,740	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	August	\$ -	\$ 12,044,719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	September	\$ -	\$ 11,161,440	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	October	\$ -	\$ 11,750,293	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	November	\$ -	\$ 10,960,695	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	December	\$ -	\$ 10,880,396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sources of Data:			Sch. B1	Sch. B2	Col (c) - (d)	Note (2)	Note (1)	Cols ((b)+(g)+(e)+(f))/2/(l)	Note (3), (4)	Cols b+e+f+g+i
Composite Federal & State Income Tax Rate								38.91% (k)		
Income Tax Factor (1 / 1-tax rate)								1.636929 (l)		

Note (1): Adjustment Summary:

Month	Workpaper Reference	RBA True-up Adjustment Sch B2, Line 21	RBA Interest Adjustments	Total Adjustment	Adjustment Description	
29	2014 January	MECO-WP-B-002	(9,203)	(23)	(9,226)	Correction for error in December 2013 RBA calculation
30	January	MECO-WP-B-002	(2,892)	(7)	(2,899)	Correction for error in December 2013 RBA calculation to properly state the Dec 2013 balance. The correction was made in Jan 2014 directly to Recorded Adjusted Revenue and therefore, does not appear in the "Adjustment" column of Schedule B above.
31	March	MECO-WP-B-003	10,643	-	10,643	Out of period billing adjustments
32	May	MECO-WP-B-004	-	(41,405)	(41,405)	Adj to reflect interest calculated on RBA bal, net of def taxes, for January to April 2014
33	July	MECO-WP-B-005	(1,948)	-	(1,948)	Adj to correct out of period billing adjustment from March.
34	September	MECO-WP-B-006	(90)	-	(90)	Adjustment to correct August variance to RBA

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 filed in February 7, 2014, the Commission ordered the Company to utilize the short term debt rate as established in deriving the consolidated cost of capital in the last full rate case in computing interest on the outstanding RBA balance. The Commission approved the RBA tariff amendments for the Company implementing the revised interest rate effective as of March 1, 2014 in Decision and Order No. 32001 filed March 31, 2014. As a result, the interest rate used to compute the RBA interest was changed from 6% to 1.25% as of March 1, 2014.

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 <\$41,405>, 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.

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

Line No.	Description (a)	Reference (b)		D&O No. 31288	D&O No. 31288	D&O No. 31288	D&O No. 31288	D&O No. 31288	D&O No. 31288
				Docket No. 2011-0092 Amounts (c)	Docket No. 2011-0092 Amounts (d)	Docket No. 2011-0092 Amounts (e)	Docket No. 2011-0092 Amounts (f)	Docket No. 2011-0092 Amounts (g)	Docket No. 2011-0092 Amounts (h)
1	Last Rate Case Annual Electric Revenue at Approved Rate Levels	Note (1)	\$000s	\$ 416,810	\$ 416,810	\$ 416,810	\$ 416,810	\$ 416,810	\$ 416,810
2	Less: Fuel Expense	Note (1)	\$000s	\$ (212,580)	\$ (212,580)	\$ (212,580)	\$ (212,580)	\$ (212,580)	\$ (212,580)
3	Purchased Power Expense	Note (1)	\$000s	\$ (44,856)	\$ (44,856)	\$ (44,856)	\$ (44,856)	\$ (44,856)	\$ (44,856)
4	Revenue Taxes on Line 1 (8.885% statutory rates)		\$000s	\$ (37,034)	\$ (37,034)	\$ (37,034)	\$ (37,034)	\$ (37,034)	\$ (37,034)
5	Last Rate Order Target Annual Revenues	Sum Lines 1...4	\$000s	\$ 122,340	\$ 122,340	\$ 122,340	\$ 122,340	\$ 122,340	\$ 122,340
6	Add: Authorized RAM Revenues - Transmittal No. 13-01	Tariff Transmittal	\$000s	\$ 3,239	\$ 3,239	\$ -	\$ -	\$ -	\$ -
7	Less: Revenue Taxes on Line 6 at 8.885%		\$000s	\$ (288)	\$ (288)	\$ -	\$ -	\$ -	\$ -
8	Net RAM Adjustment - Test Year +1	Lines 6+7	\$000s	\$ 2,952	\$ 2,952	\$ -	\$ -	\$ -	\$ -
9	Reverse June 2013 and July 2013 RAM		\$000s	\$ (541)	\$ (541)				
10	Adjusted RAM for August 2013 to May 2014, Annualized	Lines 8+9	\$000s	\$ 2,917	\$ 2,917	\$ -	\$ -		
11	Authorized RAM Revenues - Transmittal No. 14-05	Sch. A, line 7	\$000s	\$ -	\$ -	\$ 8,617	\$ 8,617		
12	Less: Revenue Taxes on Line 11 at 8.885%		\$000s	\$ -	\$ -	\$ (766)	\$ (766)		
13	Net RAM Adjustment - Test Year +2	Lines 11+12 ÷ Aug to May Factors)	\$000s	\$ -	\$ -	\$ 7,851	\$ 7,851	\$ -	\$ -
14	Authorized RAM Revenues	Sch. A, line 4	\$000s	\$ -	\$ -	\$ -	\$ -	\$ 10,122	\$ 10,122
15	Less: Revenue Taxes on Line 14 at 8.885%		\$000s	\$ -	\$ -	\$ -	\$ -	\$ (899)	\$ (899)
16	Net RAM Adjustment - Test Year +3	Lines 14+15	\$000s	\$ -	\$ -	\$ -	\$ -	\$ 9,223	\$ 9,223
17	Less: EARNINGS SHARING REVENUE CREDITS - 2013 ROE:	Sch H or Sch A, Ln 5	\$000s	\$ -	\$ -	\$ (367)	\$ (367)	\$ (521)	\$ (521)
18	Less: Revenue Taxes on Line 14 at 8.885%		\$000s	\$ -	\$ -	\$ 33	\$ 33	\$ 46	\$ 46
19	Net Earnings Sharing Revenue Credits from 2013	Lines 17 + 18	\$000s	\$ -	\$ -	\$ (334)	\$ (334)	\$ (474)	\$ (474)
20	PUC-ORDERED MAJOR OR BASELINE CAPITAL CREDITS:	Sch I or Sch A, Ln 9	\$000s	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Total Annual Target Revenues								
22	August 1, 2013 Annualized Revenues + Adj 2013 RAM Revenues	Lines 5 + 10	\$000s	\$ 125,258	\$ 125,258				
23	June 1, 2014 Annualized Revenues + 2014 RAM Revenues	Lines 5 + 13 + 19	\$000s			\$ 129,858	\$ 129,858		
24	June 1, 2015 Annualized Revenues + 2015 RAM Revenues	Lines 5 + 16 + 19	\$000s					\$ 131,069	\$ 131,069
25	Distribution of Target Revenues by Month in Dollars:	Note (2)	Note (3)	2013	2014	2014	2015	2015	2016
26	January	8.29%	8.46%	-	\$10,383,870	-	\$10,765,201	-	\$10,882,147
27	February	7.35%	7.50%	-	\$9,206,447	-	\$9,544,539	-	\$9,648,161
28	March	8.28%	8.45%	-	\$10,371,345	-	\$10,752,215	-	\$10,869,039
29	April	7.88%	8.04%	-	\$9,870,313	-	\$10,232,785	-	\$10,343,808
30	May	8.38%	8.55%	-	\$10,496,602	-	\$10,882,073	-	\$11,000,128
31	June- effective date of RAM Change is June 8, 2015	8.51%	8.66%	-	-	\$11,050,888	-	\$10,993,823	-
32	July	8.87%	9.06%	-	-	\$11,518,376	-	\$11,643,338	-
33	August	9.00%	9.17%	\$11,273,201	-	\$11,687,191	-	\$11,812,879	-
34	September	8.34%	8.51%	\$10,446,499	-	\$10,830,130	-	\$10,947,692	-
35	October	8.78%	8.96%	\$10,997,633	-	\$11,401,504	-	\$11,525,358	-
36	November	8.19%	8.36%	\$10,258,613	-	\$10,635,343	-	\$10,751,059	-
37	December	8.13%	8.29%	\$10,183,458	-	\$10,557,429	-	\$10,671,531	-
38	Total Distributed Target Revenues	100.00%	100.00%	\$53,159,404	\$50,328,577	\$77,680,861	\$52,176,813	\$78,345,680	\$52,743,283

Footnotes:

- Docket No. 2011-0092 Interim amounts derived from Interim Decision & Order, Exhibit A, page 1, dated May 21, 2012.
 Docket No. 2011-0092 Final amounts derived from MECO Revised Results of Operations, Exhibit 1A, Page 1, filed June 17, 2013.
- RBA Tariff effective June 1, 2012 based on 2012 test year

3 Derivation of RAM and Earnings Sharing Revenue Allocation, for June 8, 2015 to May 31, 2016			Scale all months to total 100.00% (then use for lines 26-37, above)	
	June is a partial month			
January	8.29%		8.46%	
February	7.35%		7.50%	
March	8.28%		8.45%	
April	7.88%		8.04%	
May	8.38%		8.55%	
June- effective date of RAM Change is June 8, 2015	8.52%		8.66%	
July	8.87%		9.06%	
August	9.00%		9.17%	
September	8.34%		8.51%	
October	8.78%		8.96%	
November	8.19%		8.36%	
December	8.13%		8.29%	
Total Distributed Target Revenues	98.01%		100.00%	

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

Line No.	Description	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
BILLED REVENUES:													
1	Current month's billed revenues	37,851,632	33,500,798	33,880,117	33,443,343	36,322,660	36,063,457	38,107,248	37,760,302	37,353,021	37,795,488	35,424,074	34,610,277
2	Remove PPB revenues	(518,514)	(457,025)	(456,036)	(453,907)	(481,759)	(477,446)	(534,921)	(555,653)	(555,825)	(564,063)	(526,481)	(453,348)
3	Remove Solar Saver non-revenues	-	-	-	-	36,859	-	(9)	(1)	1	0	-	-
4	Other entries	(3,672)	(5,013)	(3,141)	(6,024)	(7,156)	(6,336)	(4,599)	(7,101)	(5,859)	(8,082)	(7,803)	(8,136)
5 =													
sum 1-4		37,329,445	33,038,761	33,420,940	33,020,263	35,865,007	35,579,688	37,567,728	37,197,547	36,791,338	37,213,343	34,899,790	34,148,793
UNBILLED REVENUES:													
6	Current month's unbilled revenue	15,599,059	15,350,634	16,629,119	17,226,472	17,353,874	17,158,907	17,690,920	18,354,026	17,223,908	17,924,428	18,006,253	17,679,049
7	Reverse prior month's unbilled revenues	(17,992,612)	(15,599,059)	(15,350,634)	(16,629,119)	(17,226,472)	(17,353,874)	(17,158,907)	(18,354,026)	(17,223,908)	(17,924,428)	(18,006,253)	(17,679,049)
8 =													
6+7	Unbilled revenues per Unbilled Sales and Revenue Estimate	(2,393,553)	(248,425)	1,278,485	597,354	127,401	(194,967)	532,014	663,106	(1,130,119)	700,520	81,826	(327,205)
9	Recovery of 12/31/12 RBA balance through RBA Rate Adjustment beginning 5/1/13	(475,091)	(440,145)	(468,008)	(457,374)	(486,204)							
10	Recovery of 12/31/12 RBA balance through RBA Rate Adjustment beginning 5/1/14												
11	Adjustment for ECAC accrual	73,600	633,800	(60,800)	(434,400)	52,000	(367,300)	(104,300)	(17,000)	800,500	(205,000)	(528,600)	(928,300)
12	Reversal of ECAC accrual	(41,866)	(264,200)	(264,200)	(264,200)	(215,534)	(215,534)	(215,533)	249,900	249,900	249,900	(226,399)	(226,399)
13	Adjustment for PPAC accrual	(13,700)	19,620	(32,867)	13,068	(25,735)	6,365	(18,784)	(95,789)	(110,847)	(118,269)	(99,383)	(21,528)
14	Reversal of PPAC accrual	95,068	108,699	108,699	108,702	8,983	8,983	8,981	2,101	2,101	2,100	75,140	75,140
15	IRP Non-labor adjustment	(2,090)	(2,210)	(2,381)	(901)	(2,901)	2,542	(3,039)	(3,037)	(2,943)	(3,114)	(2,791)	3,388
16	ESM Refund Accrual	-	-	-	-	(4,403)							(503,584)
17	Reverse ESM Refund Previously Accrued	-	-	-	-	31,207		32,527	33,004	30,584	32,197	30,034	29,814
18	Other manual adjustments	(232,808)	-	-	-	-							
19	RBA gross up for revenue taxes	87,577	705	42,893	19,036	37,427	80,154	64,182	66,390	38,945	44,945	41,507	36,235
20	Accrual of current month's RBA (PUC Monthly Financial Report pg. 9A)	590,450	7,232	439,863	195,211	383,812	821,976	658,181	680,827	399,376	460,908	425,650	371,592
21	Adjust prior month RBA balance	(9,203)	-	10,643	-	-	(1,948)	-	-	(90)	-	-	-
22	Adjust prior month RBA related revenue taxes	(897)	-	1,038	-	-	-	(190)	-	(9)	-	-	-
23 =													
sum 9-22	Miscellaneous unbilled accruals	41,041	63,501	(225,120)	(820,858)	(248,152)	(447,987)	(462,013)	31,369	561,289	(435,377)	(1,102,067)	(1,970,448)
24 =													
8+23	UNBILLED REVENUES	(2,352,512)	(184,924)	1,053,365	(223,504)	(120,751)	(642,954)	70,001	694,475	(568,830)	265,143	(1,020,242)	(2,207,653)
25 =													
5+24	TOTAL REVENUES PER G/L (PUC Monthly Financial Report pg. 3)	34,976,933	32,853,836	34,474,305	32,796,759	35,744,256	34,936,734	37,637,728	37,892,022	36,222,508	37,478,486	33,869,548	31,851,140
Billed Adjustments to Determine Adjusted Revenues for RBA:													
26	Remove 2010 interim increase	-	-	-	-	-	-	-	-	-	-	-	-
27	Remove ECAC revenues	(1,675,317)	(1,783,785)	(1,897,285)	(1,681,416)	(1,942,284)	(1,814,897)	(1,709,346)	(1,435,286)	(923,989)	(804,029)	(879,503)	(632,251)
28	Remove ECAC surcharge adjustment	-	-	-	-	-	-	-	-	-	-	-	-
29	Remove PPAC revenues	(67,440)	(47,090)	(41,457)	(43,420)	(99,674)	(149,673)	(159,138)	(161,592)	(165,520)	(168,489)	(118,627)	(78,636)
30	Remove DSM/IRP/ISS revenues	(2,563)	(2,194)	(2,276)	1,171	125	(2,836)	(2,997)	(2,947)	(2,989)	(3,072)	(2,817)	(2,783)
31	Remove revenue taxes on PPB revenues	(35,365)	(31,171)	(31,104)	(30,959)	(32,650)	(32,564)	(36,464)	(37,696)	(37,910)	(38,472)	(35,909)	(30,261)
32	Remove revenue taxes on billed revenues	(3,140,737)	(2,769,856)	(2,794,227)	(2,777,952)	(3,002,270)	(2,983,558)	(3,168,370)	(3,159,490)	(3,168,474)	(3,216,306)	(3,007,798)	(2,967,963)
33	Remove base fuel (adjusted for revenue taxes)	(17,141,857)	(15,498,583)	(15,600,388)	(15,429,424)	(16,862,552)	(16,530,834)	(17,417,892)	(17,373,717)	(17,452,004)	(17,781,609)	(16,571,375)	(16,313,092)
34	Remove power purchase energy (adjusted for revenue taxes)	(3,679,690)	(3,122,889)	(3,149,740)	(3,142,356)	(3,379,762)	(3,336,032)	(3,530,446)	(3,497,001)	(3,521,717)	(3,596,534)	(3,348,105)	(3,309,536)
35	Remove other billing adjustments (adjusted for revenue taxes)	(62,474)	-	10,641	-	-	-	-	-	-	-	-	-
Unbilled Adjustments to Determine Adjusted Revenues for RBA:													
36	Remove 2010 interim increase	-	-	-	-	-	-	-	-	-	-	-	-
37	Remove ECAC revenues	220,948	(180,717)	26,611	34,025	(125,279)	219,302	(38,112)	229,923	217,274	(16,052)	(147,597)	400,383
38	ECAC surcharge adjustment	-	-	-	-	-	-	-	-	-	-	-	-
39 =													
11 + 12	Remove ECAC accrual	(31,734)	(399,600)	325,000	698,600	163,534	582,834	319,833	(232,909)	(1,050,400)	(44,900)	754,989	1,154,699
40	Remove PPAC revenues	2,689	11,630	(5,992)	1,407	(52,075)	1,229	(2,235)	(7,691)	4,577	(3,477)	39,946	455
41 =													
13 + 14	Remove PPAC accrual	(81,368)	(128,319)	(75,834)	(121,770)	16,752	(15,348)	9,803	93,688	108,746	116,169	24,243	(53,212)
42	Remove DSM revenues	199	(17)	(105)	(245)	22	25	(42)	(92)	47	(42)	26	44
43	IRP Non-labor adjustment	2,090	2,210	2,381	901	(2,542)	3,039	3,037	3,037	2,943	3,114	2,791	(3,388)
44	Remove ESM Refund Accrual and Reversal	-	-	-	-	-	(26,804)	(32,527)	(33,004)	(30,584)	(32,197)	(30,034)	473,770
45	Other manual adjustments	232,808	-	-	-	-	-	-	-	-	12	-	-
46	Remove RBA accruals	(590,450)	(7,232)	(439,863)	(195,211)	(383,812)	(821,976)	(658,181)	(680,827)	(399,376)	(460,908)	(425,650)	(371,592)
47	Remove RBA gross up for revenue taxes	(57,577)	(705)	(42,893)	(19,036)	(37,427)	(80,154)	(64,182)	(66,390)	(38,945)	(44,945)	(41,507)	(36,235)
48	Remove prior month RBA adjustment	10,100	-	(11,681)	-	-	-	2,138	99	-	-	-	-
49	Remove revenue taxes on unbilled revenues	234,991	77,093	(73,834)	(15,564)	47,636	69,671	34,693	(19)	155,683	19,377	74,903	65,103
50	Remove base fuel (adjusted for revenue taxes)	1,151,969	118,977	(616,569)	(257,591)	68,006	184,130	(280,559)	(421,678)	423,035	(387,799)	40,023	17,447
51	Remove power purchase energy (adjusted for revenue taxes)	227,264	27,626	(124,209)	(42,819)	(12,448)	32,005	(46,529)	(101,779)	87,650	(77,732)	12,536	22,405
51 =													
sum 25-													
50	Total billed and unbilled adjustments to determine adjusted revenues for RBA	(25,183,513)	(23,654,622)	(24,542,824)	(23,121,658)	(25,631,466)	(24,707,822)	(26,777,534)	(26,885,659)	(25,791,754)	(26,537,890)	(23,659,855)	(21,665,303)
52 =													
24 + 51	RECORDED ADJUSTED REVENUES FOR RBA DETERMINATION (PUC Monthly Financial Report pg. 9A.1)	9,793,420	9,199,215	9,931,482	9,675,102	10,112,790	10,228,912	10,860,195	11,006,364	10,430,754	10,940,596	10,209,693	10,185,837

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

Line No.	Description (a)	Reference (b)	D&O No. 31288 Docket No. 2011-0092 Approved (c)	Footnote 4 Previously Approved RAM (d)	O&M Subject to Escalation Col (c) + (d) (e)	Net Inflation Indices Footnote 2 (f)	2015 O&M RAM Adjustment Col (e) * (f) (g)	
1	Base BU Labor Expenses	Schedule C1	\$ 14,330	\$ -	\$ 14,330	6.65%	\$ 953	
2	Base Non-Labor Expense	Schedule C2	33,338	-	33,338	4.46%	1,488	
3	Payroll Taxes	Footnote 1	1,167	-	1,167	6.65%	78	
4	Subtotal Expense Increase - RAM Adjustment before revenue taxes						\$	2,519
5	Revenue Tax Factor (Footnote 3)							1.0975
6	O&M RAM (Subtotal Expenses x Rev Tax Factor)						\$	2,765

* Amounts may not add due to rounding

Footnotes:

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

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

^A See Schedule C1 for calculation of percentage related to non-BU labor.

(2) Escalation Rates

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

2013 Labor Cost Escalation	1.0212	A (2013 non-labor escalation plus 1)
2014 Labor Cost Escalation	1.0224	B (2014 non-labor escalation plus 1)
2015 Labor Cost Escalation	1.0215	C (2015 non-labor escalation plus 1)
2013-2015 Compounded Labor Cost Escalation	1.0665	D = A * B * C
2013-2015 Compounded Labor Cost %	0.0665	E = D - 1

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

2013 Non-Labor Cost Escalation	1.0170	F (2013 non-labor escalation plus 1)
2014 Non-Labor Cost Escalation	1.0160	G (2014 non-labor escalation plus 1)
2015 Non-Labor Cost Escalation	1.0110	H (2015 non-labor escalation plus 1)
2013-2015 Compounded Non-Labor Cost Escalation	1.0446	I = F * G * H
2015 Compounded Non-Labor Cost %	0.0446	J = I - 1

(3) Computation of Revenue Tax Factor

Public Service Tax Rate	0.05885
PUC Fees Rate	0.00500
Franchise Tax Rate	0.02500
Total Revenue Tax Rate	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.

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

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

* amounts may not add due to rounding

Footnotes:

(1) See Parties' Stipulated Settlement Letter, filed April, 20, 2012 in Docket No. 2011-0092, MECO T-11, Attachment 8, page 2. Only the breakdown of 2012 test year labor expense between BU and non-BU is required.

(2) 8,496 Transmittal No. 13-01 (Decoupling), Schedule C1 (With Settlement)
 Exhibit 1C, Page 16, Item 45, of *MECO Revised Results of Operations, Tariff Sheets and Refund Plan*, filed on June 17, 2013, in Docket No. 2011-0092. Adjustment is non-BU labor.
(130)
 8,366

(3) 41,954 Transmittal No. 13-01 (Decoupling), Schedule C1 (With Settlement)
 Exhibit 1C, Page 21, Items 41-45, of *MECO Revised Results of Operations, Tariff Sheets and Refund Plan*, filed on June 17, 2013, in Docket No. 2011-0092. Adjustment is non-BU labor.
(3,272)
 38,682

(4) sum of columns (d) and (e)

MAUI ELECTRIC COMPANY, LIMITED
Non-Labor Exclusion
Adjustment for O&M RAM
(\$ thousands)

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

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

Line No.	Description	AMOUNTS (IN THOUSANDS)	PERCENT OF TOTAL	COST RATE	POST TAX WEIGHTED EARNINGS REQMTS	INCOME TAX FACTOR Note (1)	PRETAX WEIGHTED EARNINGS REQMTS
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	<u>PUC APPROVED CAPITAL STRUCTURE & COSTS</u> (Decision & Order No. 31288, Docket No. 2011-0092, page 113, dated May 31, 2013) Att. 1A, page 2):						
2	Short-Term Debt	\$ 5,003	1.23%	1.25%	0.02%	1.000000	0.02%
3	Long-Term Debt	156,370	38.44%	5.06%	1.95%	1.000000	1.95%
4	Hybrid Securities	9,373	2.30%	7.32%	0.17%	1.000000	0.17%
5	Preferred Stock	4,744	1.17%	8.25%	0.10%	1.636929	0.16%
6	Common Equity	231,310	56.86%	9.00%	5.12%	1.636929	8.38%
7	Total Capitalization	<u>\$ 406,800</u>	<u>100.00%</u>		<u>7.34%</u>		<u>10.66%</u>
8	RAM CHANGE IN RATE BASE \$000 (From Schedule D1)						\$ 58,542.6
9	PRETAX RATE OF RETURN (Line 7, Col g)						10.66%
10	PRETAX RETURN REQUIREMENT						\$ 6,240.6
11	REVENUE TAX FACTOR (1/(1-8.885%))						1.0975
12	RATE BASE RAM - RETURN ON INVESTMENT \$000						<u>\$ 6,849.2</u>

* Amounts may not add due to rounding.

Footnote:

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

38.91%
1.636929121

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

Line No.	Description (a)	MECO 2012 Test Year Rate Base Note (2)		MECO 2015 RAM Rate Base					
		Beg. Balance 12/31/2011 (b)	Budgeted Balance 12/31/2012 (c)	Adjusted Recorded at 12/31/2014 (d) Note (1)	RAM Projected Amounts (e) See Detail Below	Estimated at 12/31/2015 (f)			
1	Net Cost of Plant in Service	\$ 465,783	\$ 493,298	\$ 574,208	\$ 17,824	\$ 592,032			
2	Property Held for Future Use	1,303	1,303	These Elements of Rate Base are Not Updated for RAM Purposes					
3	Fuel Inventory	18,577	18,577						
4	Materials & Supplies Inventories	13,387	13,387						
5	Unamort Net SFAS 109 Reg Asset	8,405	8,642						
6	Pension Asset	3,453	4,377						
7	Unamort OPEB Reg Asset	344	261						
8	Unamort Sys Dev Costs	1,240	1,487						
9	Contrib in Excess of NPPC	3,101	8,400						
10	CIS Deferred Cost						2,428	(233)	2,195
11	not used						Not Updated		
12	Total Additions	\$ 515,593	\$ 549,732	\$ 629,758	\$ 17,591	\$ 647,348			
13	Unamortized CIAC	\$ (74,766)	\$ (83,821)	\$ (88,218)	\$ (3,268)	\$ (91,485)			
14	Customer Advances	(4,649)	(4,599)	Not Updated					
15	Customer Deposits	(4,346)	(4,812)	Not Updated					
16	Accumulated Def Income Taxes	(42,143)	(55,666)	(85,427)	(534)	(85,961)			
17	Unamortized State ITC (Gross)	(12,150)	(12,752)	Not Updated					
18	Unearned Interest Income	-	-	Not Updated					
19	Unamortized Gain on Sale	-	-	Not Updated					
20	Total Deductions	\$ (138,054)	\$ (161,650)	\$ (195,298)	\$ (3,802)	\$ (199,100)			
21	Working Cash (Note 3)	10,590	10,590	10,590	Not Updated	10,590			
22	Rate Base at Proposed Rates	\$ 388,129	\$ 398,672	\$ 445,049		\$ 458,838			
23	Average Rate Base		\$ 393,401			\$ 451,944			
24	Change in Rate Base					\$ 58,543			
25	<u>Column (e) Projected Changes to Rate Base:</u>								
26	Plant - Baseline Capital Project Additions			Reference	Amount				
27	Major CIP Project Additions			Schedule D2	42,461				
28	Accumulated Depreciation/Amortization Change			Schedule D3	-				
29	Net Plant			Schedule E	(24,637)				
				Sum Lines 26-28	17,824				
30	Accum. Deferred Income Taxes - Baseline and Major Capital Projects			Schedule F	(534)				
31	Projected CIAC Additions - Baseline			Schedule G1	(5,175)				
32	Projected CIAC Additions - Major CIP			Schedule D3	-				
33	Less: Amortization of CIAC			Schedule G	1,908				
34	Total Change in CIAC in Rate Base			Sum: Lines 31-33	(3,268)				

MECO-WP-D1-001

Note (4)

* Amounts may not add due to rounding

Notes:

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

	Plant in Service	Acc. Depr.	CIAC Net	Schedule D4 ADIT
(A) Unadjusted Balance - recorded	\$ 1,049,725	\$ (450,273)	\$ (88,218)	\$ (85,570)
(A) Add: Asset Retirement Obligation		\$ (256)		
(A) Reg Liab-Cost of Removal (net salvage)		\$ (27,951)		
<u>Adjustment:</u>				
Lanai CHP*	MECO-WP-D1-002, p. 1	3,500	(536)	-
Total Adjustment	\$ 3,500	\$ (536)	\$ -	\$ -
Adjusted Balance	\$ 1,053,225	\$ (479,017)	\$ (88,218)	\$ (85,570)

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

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

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

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

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

**MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF BASELINE CAPITAL PROJECTS ADDITIONS**

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

Line No.	Description (a)			3/31/2011	3/30/2012	3/22/2013	3/28/2014	3/27/2015
				2010 (b)	2011 (c)	2012 (d)	2013 (e)	2014 (f)
1	Total Plant Additions (Sum of Exhs. 1, 2, and 3 of Reports)			30,311,101	36,439,290	48,276,242	57,973,110	49,632,312
2								
3	<u>Less Major Projects: (+\$2.5 Million)</u>	<u>Dkt. No.</u>	<u>Item No.</u>					
4								
5	<u>2006 In-service:</u>							
6	Maalaea Dual-Train Combined Cycle No. 2-Unit No. 1†	7744	PN-314 M3141001	20,513 ⁽¹⁾				
7								
8	<u>2009 In-service: NOTE (3)</u>							
9	CHP Manele Bay Hotel	2006-0186	M0000540	(101,942) ⁽¹⁾	564 ⁽¹⁾			
10								
11								
12	<u>2010 In-Service:</u>							
13	6th Increment Distribution Rebuild	01-0148	M0000266	(904,737)	(2,867,104)			
14								
15								
16	<u>2011 In-Service:</u>							
17	M14 Capital Overhaul	NOTE (2)	M0001275		(3,688,795)			
18								
19								
20	<u>2012 In-service:</u>							
21	None							
22								
23								
24	<u>2013 In-service:</u>							
25	Major Overhaul of M16 - NOTE (4)	2012-0038	M0001571				(2,865,973)	80,406
26								
27	Total Net Plant Additions (excluding major projects)			29,324,935	29,883,955	48,276,242	55,107,138	49,712,718
28								
29	Last Five-Year Average							\$ 42,460,998
30								

NOTE (1):
Amounts were included in the "Cost of Less Than \$1 Million" plant addition section of the respective year's GO7 plant addition annual report. Included amounts for the purposes of this baseline five-year average calculation.

NOTE (2):
A separate application was not filed with the Hawaii Public Utilities Commission for the M14 Capital Overhaul. This project was reported in the 2011 Third Quarter Capital Project Status Report filed on January 4, 2012. In the report, MECO identified that project costs had unexpectedly exceeded \$2.5M and provided an explanation for the higher costs. See Attachment 12, pages 1-2, of the Third Quarter 2011 Capital Project Status Report.

NOTE (3):
Maui Lani & Kuikahi Underground Distribution System Extension (M0000917) and Maui Lani VMX (M0001126) are listed as completed projects with total costs of \$2.5M or greater on the G.O.7 plant addition annual reports for 2009 and 2010, respectively. However, separate applications were not filed with the Hawaii Public Utilities Commission for these projects as the amount of CIAC received for each project reduced its project costs to below the \$2.5M threshold. As such, these capital projects are not considered Major Capital Projects for the purpose of decoupling.

NOTE (4):
Exemption From and Modification of General Order No. 7, Paragraph 2.3(g), Relating to Capital Improvements, Capital Projects Completed in 2013, Docket No. 03-0257, dated March 28, 2014, and Exemption From and Modification of General Order No. 7, Paragraph 2.3(g), Relating to Capital Improvements, Capital Projects Completed in 2014, Docket No. 03-0257, dated March 27, 2015.

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

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

See Schedule G2 for related CIAC (if applicable)

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

Line No.	NARUC Account (a)	Reference (b)	Federal ADIT (c)	State ADIT (d)	Total ADIT (e)
1	Recorded Deferred Income Tax Balances at December 31, 2014				
2	Depreciation Related Account 282	MECO-WP-D4-001	(48,896,114)	(3,250,223)	(52,146,337)
3	Other Deferred Income Taxes	MECO-WP-D4-001	(28,801,095)	(4,622,575)	(33,423,670)
4	Total Recorded Deferred Income Taxes - Utility		(77,697,209)	(7,872,798)	\$ (85,570,007)

To Schedule D1

**MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF DEPRECIATION & AMORTIZATION RAM ADJUSTMENT**

Line No.	NARUC Account (a)	Recorded Depreciable/Amort. Balance (b) Footnote (1)	Adjustments (c) Footnote (2)	Adjusted Depreciable/Amort. Balance (d)	PUC Approved Accrual Rate Dkt. 2009-0286 (e)	Annual Accrual (f)
1	Plant Accounts					
2	310.00	-		-	0.0000	-
3	311.00	6,847,880		6,847,880	0.0289	197,904
4	312.00	51,254,841		51,254,841	0.0375	1,922,057
5	314.00	48,276,735		48,276,735	0.0589	2,843,500
6	315.00	8,948,513		8,948,513	0.0419	374,943
7	MAUI STEAM PRODUCTION	115,327,969	-	115,327,969	0.0463	5,338,404
8						
9	340.00	-		-	0.0000	-
10	341.00	34,661,215		34,661,215	0.0117	405,536
11	342.00	4,200,155		4,200,155	0.0097	40,741
12	343.00	42,457,757		42,457,757	0.0080	339,662
13	344.00	107,913,209		107,913,209	0.0164	1,769,777
14	345.00	28,718,681		28,718,681	0.0157	450,883
15	MAUI OTHER PRODUCTION	217,951,017	-	217,951,017	0.0138	3,006,599
16						
17	MAUI TOTAL PRODUCTION	333,278,986	-	333,278,986	0.0250	8,345,003
18						
19	350.20	-		-	0.0000	-
20	350.00	2,446,576		2,446,576	0.0158	38,656
21	352.00	7,256,636		7,256,636	0.0202	146,584
22	353.00	50,576,426		50,576,426	0.0158	799,108
23	355.00	31,586,828		31,586,828	0.0167	527,500
24	356.00	27,011,478		27,011,478	0.0175	472,701
25	357.00	714,085		714,085	0.0159	11,354
26	358.00	1,193,803		1,193,803	0.0198	23,637
27	MAUI TRANSMISSION	120,785,831	-	120,785,831	0.0167	2,019,540
28						
29	360.20	-		-	0.0000	-
30	360.00	1,376,243		1,376,243	0.0203	27,938
31	361.00	1,463,312		1,463,312	0.0120	17,560
32	362.00	46,458,254		46,458,254	0.0134	622,541
33	363.00	2,140,265		2,140,265	0.0192	41,093
34	364.00	34,871,043		34,871,043	0.0170	592,808
35	365.00	58,109,739		58,109,739	0.0165	958,811
36	366.00	59,609,422		59,609,422	0.0203	1,210,071
37	367.00	70,808,457		70,808,457	0.0117	828,459
38	368.00	60,163,914		60,163,914	0.0222	1,335,639
39	369.10	24,325,574		24,325,574	0.0378	919,507
40	369.20	55,096,587		55,096,587	0.0232	1,278,241
41	370.00	9,798,862	2,270,495	12,069,357	0.0192	231,732
42	373.00	12,038,525		12,038,525	0.0187	225,120
43	MAUI DISTRIBUTION	436,260,197	2,270,495	438,530,692	0.0190	8,289,518
44						
45	389.20	-		-	0.0000	-
46	390.00	11,299,582		11,299,582	0.0106	119,776
47	MAUI GENERAL	11,299,582	-	11,299,582	0.0106	119,776
48						
49	392.10	6,247,827		6,247,827	0.0536	334,884
50	392.20	4,269,530		4,269,530	0.0305	130,221
51	MAUI TRANSPORTATION	10,517,357	-	10,517,357	0.0442	465,104
52						
53	TOTAL MAUI DIVISION	912,141,953	2,270,495	914,412,448	0.0211	19,238,941
54						

Line No.	NARUC Account	Recorded Depreciable/Amort. Balance	Adjustments	Adjusted Depreciable/Amort. Balance	PUC Approved Accrual Rate Dkt. 2009-0286	Annual Accrual
	(a)	(b) Footnote (1)	(c) Footnote (2)	(d)	(e)	(f)
55	LANAI					
56	340.0L	-		-	0.0000	-
57	341.0L	4,080,334		4,080,334	0.0454	185,247
58	342.0L	1,914,270		1,914,270	0.0304	58,194
59	343.0L	1,619,547		1,619,547	0.0360	58,304
60	344.0L	8,247,506		8,247,506	0.0234	192,992
61	345.0L	3,245,625		3,245,625	0.0253	82,114
62	LANAI OTHER PRODUCTION	19,107,282	-	19,107,282	0.0302	576,851
63						
64	360.1L	152,209		152,209	0.0203	3,090
65	362.0L	2,185,915		2,185,915	0.0165	36,068
66	364.0L	2,069,001		2,069,001	0.0185	38,277
67	365.0L	2,870,643		2,870,643	0.0165	47,366
68	366.0L	1,280,128		1,280,128	0.0211	27,011
69	367.0L	2,323,200		2,323,200	0.0122	28,343
70	368.0L	804,319		804,319	0.0208	16,730
71	369.1L	1,040,771		1,040,771	0.0380	39,549
72	369.2L	1,068,921		1,068,921	0.0256	27,364
73	370.0L	490,506		490,506	0.0195	9,565
74	373.0L	265,072		265,072	0.0166	4,400
75	LANAI DISTRIBUTION	14,550,684	-	14,550,684	0.0191	277,762
76						
77	389.2L	-		-	0.0000	-
78	390.0L	801,698		801,698	0.0138	11,063
79	LANAI GENERAL	801,698	-	801,698	0.0138	11,063
80						
81	392.1L	958,996		958,996	0.0086	8,247
82	392.2L	347,822		347,822	0.0875	30,434
83	LANAI TRANSPORTATION	1,306,818	-	1,306,818	0.0296	38,682
84						
85	Lanai CHP - Production	-	3,010,000	3,010,000	0.0319	96,019
86	Lanai CHP - Distribution	-	490,000	490,000	0.0230	11,270
87	LANAI RATEMAKING ADJUSTMENT	-	3,500,000	3,500,000	0.0307	107,289
88						
89	TOTAL LANAI DIVISION	35,766,482	3,500,000	39,266,482	0.0258	1,011,647
90						
91	MOLOKAI					
92	302.0M	-		-	0.0000	-
93	INTANGIBLE PLANT	-	-	-	0.0000	-
94						
95	340.0M	-		-	0.0000	-
96	341.0M	2,650,558		2,650,558	0.0447	118,480
97	342.0M	1,927,423		1,927,423	0.0452	87,120
98	343.0M	2,009,008		2,009,008	0.0256	51,431
99	344.0M	11,228,090		11,228,090	0.0354	397,474
100	345.0M	4,623,549		4,623,549	0.0266	122,986
101	MOLOKAI OTHER PRODUCTION	22,438,628	-	22,438,628	0.0346	777,491
102						
103	350.1M	-		-	0.0000	-
104	353.0M	605,475		605,475	0.0232	14,047
105	354.0M	38,669		38,669	0.0233	901
106	355.0M	117,065		117,065	0.0077	901
107	356.0M	260,344		260,344	0.0097	2,525
108	MOLOKAI TRANSMISSION	1,021,553	-	1,021,553	0.0180	18,375
109						
110	360.1M	29,136		29,136	0.0202	589
111	361.1M	59,259		59,259	0.0066	391
112	362.0M	1,285,089		1,285,089	0.0163	20,947
113	364.0M	3,936,416		3,936,416	0.0224	88,176
114	365.0M	3,078,822		3,078,822	0.0177	54,495
115	366.0M	136,064		136,064	0.0227	3,089
116	367.0M	3,786,878		3,786,878	0.0174	65,892
117	368.0M	1,655,493		1,655,493	0.0225	37,249
118	369.1M	1,521,282		1,521,282	0.0406	61,764
119	369.2M	1,083,204		1,083,204	0.0261	28,272
120	370.0M	512,572		512,572	0.0121	6,202
121	373.0M	330,608		330,608	0.0152	5,025
122	MOLOKAI DISTRIBUTION	17,414,824	-	17,414,824	0.0214	372,089
123						
124	389.2M	56,383		56,383	0.0003	17
125	390.0M	694,144		694,144	0.0085	5,900
126	MOLOKAI TOTAL GENERAL	750,526	-	750,526	0.0079	5,917
127						
128	392.1M	738,282		738,282	0.0000	-
129	392.2M	349,161		349,161	0.0000	-
130	MOLOKAI TRANSPORTATION	1,087,444	-	1,087,444	0.0000	-
131						
132	TOTAL MOLOKAI DIVISION	42,712,975	-	42,712,975	0.0275	1,173,872
133						
134						
135	UTILITY TOTAL DEPRECIATION	990,621,410	5,770,495	996,391,905	0.0216	21,424,460
136						

Line No.	NARUC Account	Recorded Depreciable/Amort. Balance	Adjustments	Adjusted Depreciable/Amort. Balance	PUC Approved Accrual Rate Dkt. 2009-0286	Annual Accrual
	(a)	(b)	(c)	(d)	(e)	(f)
137	Amortization Amounts					
138						
139	MAUI					
140	316.00	3,204,022		3,204,022	0.0500	\$ 160,201
141	346.00	14,996,500		14,996,500	0.0500	749,825
142	MAUI PRODUCTION	<u>18,200,523</u>	<u>-</u>	<u>18,200,523</u>	<u>0.0500</u>	<u>910,026</u>
143						
144	391.10	2,357,088		2,357,088	0.2000	471,418
145	391.20	448,412		448,412	0.1000	44,841
146	391.30	1,271,728		1,271,728	0.0667	84,824
147	393.00	568,540		568,540	0.0400	22,742
148	394.00	6,288,673		6,288,673	0.0400	251,547
149	395.00	470,747		470,747	0.0667	31,399
150	396.00	140,554		140,554	0.0556	7,815
151	397.00	21,242,642		21,242,642	0.0667	1,416,884
152	398.00	1,155,200		1,155,200	0.0667	77,052
153	MAUI GENERAL	<u>33,943,584</u>	<u>-</u>	<u>33,943,584</u>	<u>0.0710</u>	<u>2,408,521</u>
154						
155	TOTAL MAUI DIVISION	<u>52,144,107</u>	<u>-</u>	<u>52,144,107</u>	<u>0.0636</u>	<u>3,318,547</u>
156						
157	LANAI					
158	346.0L	1,192,731		1,192,731	0.0500	59,637
159	LANAI OTHER PRODUCTION	<u>1,192,731</u>	<u>-</u>	<u>1,192,731</u>	<u>0.0500</u>	<u>59,637</u>
160						
161	391.1L	25,521		25,521	0.2000	5,104
162	391.2L	2,331		2,331	0.1000	233
163	391.3L	2,959		2,959	0.0667	197
164	394.0L	36,529		36,529	0.0400	1,461
165	397.0L	821,693		821,693	0.0667	54,807
166	398.0L	34,054		34,054	0.0667	2,271
167	LANAI GENERAL	<u>923,087</u>	<u>-</u>	<u>923,087</u>	<u>0.0694</u>	<u>64,074</u>
168						
169	TOTAL LANAI DIVISION	<u>2,115,818</u>	<u>-</u>	<u>2,115,818</u>	<u>0.0585</u>	<u>123,711</u>
170						
171						
172	MOLOKAI					
173	346.0M	1,940,988		1,940,988	0.0500	97,049
174	MOLOKAI OTHER PRODUCTION	<u>1,940,988</u>	<u>-</u>	<u>1,940,988</u>	<u>0.0500</u>	<u>97,049</u>
175						
176	391.1M	10,308		10,308	0.2000	2,062
177	391.2M	-		-	0.1000	-
178	391.3M	10,387		10,387	0.0667	693
179	394.0M	104,317		104,317	0.0400	4,173
180	397.0M	1,030,344		1,030,344	0.0667	68,724
181	398.0M	32,143		32,143	0.0667	2,144
182	MOLOKAI GENERAL	<u>1,187,498</u>	<u>-</u>	<u>1,187,498</u>	<u>0.0655</u>	<u>77,795</u>
183						
184	TOTAL MOLOKAI DIVISION	<u>3,128,486</u>	<u>-</u>	<u>3,128,486</u>	<u>0.0559</u>	<u>174,844</u>
185						
186	Net Unrecovered Amortization - Footnote (3)					(404,262)
187						
188	UTILITY TOTAL AMORTIZATION	<u>57,388,411</u>	<u>-</u>	<u>57,388,411</u>	<u>0.0560</u>	<u>3,212,840</u>
189						
190	TOTAL RAM DEPRECIATION / AMORTIZATION					\$ 24,637,300
191	LESS: Vehicle Depreciation (A/C 392 above)					\$ (503,786)
192	LESS: Depreciation & Amortization in Current Revenues				Footnote (4)	\$ (20,933,000)
193						
194	RAM Adjustment for Depreciation & Amortization					\$ 3,200,514
195	RAM Adjustment for CIAC Amortization				Sch. G	\$ (340,533)
196	RAM Adjustment for CIS Amortization				MECO-WP-D1-001, page 2	\$ 233,099
197	Total RAM Adjustment for Depreciation & Amortization					\$ 3,093,079
198	Times: Factor for Revenue Taxes					1.0975
199						
200	RAM DEPRECIATION & AMORTIZATION					<u>\$ 3,394,698</u>

Footnotes:

(1) Depreciable Balance	\$ 990,621,410	Line 135
Amortizable Balance	<u>57,388,411</u>	Line 188
Total Utility Plant per Schedule	\$ 1,048,009,821	

Add: Land, Land Rights, Franchises & Consents as of 12/31/14 not included in Schedule

	<u>1,714,890</u>	
Total Utility Plant per G/L	<u>\$ 1,049,724,711</u>	December 2014 Monthly Financial Report filed 2/26/15

(2) Amounts are recorded, except for the following adjustment:

Adjust meter balances to actual ¹	2,270,495	
Lanai CHP	<u>3,500,000</u>	MECO-WP-1303, Dkt. No. 2014-0318
Total Adjustment	<u>\$ 5,770,495</u>	Column (c)

¹ Meters were erroneously retired in 2014 and reinstated in early 2015. This adjustment corrects the depreciable balance to properly state the 2015 depreciation expense.

(3) Net Unrecovered Amortization:

Account	Net Unrecovered Amortization (c) ²	Annual Recovery (c) / 5 years ³
316.00	297,187	34,672
346.00	(1,793,299)	(209,218)
391.10	243,160	28,369
391.20	281,487	32,840
391.30	163,845	19,115
393.00	(100,913)	(11,773)
394.20	331,090	38,627
394.30	90,755	10,588
395.10	201,529	23,512
395.20	-	-
395.40	(2,856)	(333)
396.00	(6,091)	(711)
397.00	(3,100,803)	(361,760)
398.00	(70,196)	(8,190)
Over-recovered Amortization	<u>(3,465,105)</u>	<u>-</u>
Annual Recovery (increases amortization expense annually for five years)		<u>(404,262)</u>

² Source: MECO 2012 Test Year Rate Case, Docket No. 2011-0092, CA-IR-181, Attachment 1, column (E)

³ Note: 2015 is the last year of recovery. Amortization began in August 2010, therefore only 7 months of amortization will be recognized in 2015.

(4) Depreciation & Amortization in Current Revenues⁴:

	Depr/Amort Expense
Total Depreciation	21,347,000
LESS: Vehicle Depreciation (A/C 392)	<u>(414,000)</u>
Net Depreciation in Current Revenues	<u>20,933,000</u>

⁴ Amounts are per MECO Revised Workpaper MECO-RWP-1401, page 1 dated March 28, 2012 in MECO's 2012 test year rate case (Docket No. 2011-0092).

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

<u>Line No.</u>	<u>NARUC Account</u> (a)	<u>Reference</u> (b)	<u>Projected ADIT Change</u> (c)
1	State Tax Depreciation	Schedule F1	1,372,798
2	Effective Federal Tax Rate	MECO-WP-F-001	32.8947%
3	Federal Deferred Tax on State Tax Depreciation		<u>451,578</u>
4	Add back State Tax Depreciation		(1,372,798)
5	Federal Tax Depreciation	Schedule F1	<u>1,372,798</u>
6	Federal/State Difference		-
7	Tax Rate on Federal Only Adjustment	MECO-WP-F-001	35%
8	Federal Deferred Tax Adjustment		<u>-</u>
9	Total Federal Deferred Taxes		<u><u>451,578</u></u>
	STATE DEFERRED TAXES		
10	State Tax Depreciation	Schedule F1	1,372,798
11	Effective State Tax Rate	MECO-WP-F-001	6.0150%
12	Total State Deferred Taxes		<u>82,574</u>
13	TOTAL FED AND STATE DEFERRED TAXES		<u><u>534,153</u></u>
			<i>To Schedule D1</i>

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

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

Line No.	LIFE	MECO-WP-F1-002			PROJECTS	PROGRAMS	TOTAL	
		PROJECTS	PROGRAMS	TOTAL				
1	Computer Data	5	397,106	107,730	504,836	0.94%	0.25%	1.19%
2	Comp/Off/Furn/Tools	7	19,960	139,892	159,852	0.05%	0.33%	0.38%
3	Street Lights	7	90,196	132,818	223,014	0.21%	0.31%	0.53%
4	Non-Steam Production	15	5,906,477	168,469	6,074,946	13.91%	0.40%	14.31%
5	Communication	20	1,717,580	21,867	1,739,447	4.05%	0.05%	4.10%
6	Steam Production	20	448,441	46,401	494,842	1.06%	0.11%	1.17%
7	General	20	1,442,361	441,803	1,884,164	3.40%	1.04%	4.44%
8	Transmission	20	2,208,383	864,708	3,073,091	5.20%	2.04%	7.24%
9	Distribution	20	9,581,394	16,152,682	25,734,076	22.57%	38.04%	60.61%
10	Structural	39	1,139,255	138,594	1,277,849	2.68%	0.33%	3.01%
11	ROW	50	5,518	65,585	71,103	0.01%	0.15%	0.17%
12	Land	-	-	(6,180)	(6,180)	0.00%	-0.02%	-0.02%
13	Vehicles	-	202,038	1,027,920	1,229,958	0.48%	2.42%	2.90%
14	TOTAL		<u>23,158,709</u>	<u>19,302,289</u>	<u>42,460,998</u>	<u>54.54%</u>	<u>45.46%</u>	<u>100.00%</u>

Project and Program % Totals by Depreciable Life:

5 yr	0.94%	0.25%	1.19%
7 yr	0.26%	0.64%	0.90%
15 yr	13.91%	0.40%	14.31%
20 yr	36.26%	41.28%	77.54%
39 yr	2.68%	0.33%	3.01%
50 yr	0.01%	0.15%	0.17%
Land	0.00%	-0.02%	-0.02%
Vehicles	0.48%	2.42%	2.90%
Total	<u>54.54%</u>	<u>45.46%</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
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NOTE (1) Basis subject to 50% bonus depreciation

Vintage 2014 - 50% Bonus Depreciation									
	0%	0%							
5 yr	0.00%	0.00%	0.00%	5 yr	-	60.000%	-	20.00%	-
7 yr	0.00%	0.00%	0.00%	7 yr	-	57.145%	-	14.29%	-
15 yr	0.00%	0.00%	0.00%	15 yr	-	52.500%	-	5.00%	-
20 yr	0.00%	0.00%	0.00%	20 yr	-	51.875%	-	3.75%	-
39 yr	n/a	n/a	n/a						
50 yr	n/a	n/a	n/a						
Land	n/a	n/a	n/a						
Vehicles	n/a	n/a	n/a						
Total	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>						

Basis subject to regular depreciation (Total less amounts subject to 50% bonus)

Vintage 2014 - Regular Depreciation									
5 yr	0.94%	0.25%	1.19%	5 yr	405,351	20.00%	81,070	20.00%	81,070
7 yr	0.26%	0.64%	0.90%	7 yr	307,167	14.29%	43,894	14.29%	43,894
15 yr	13.91%	0.40%	14.31%	15 yr	4,877,509	5.00%	243,875	5.00%	243,875
20 yr	36.26%	41.28%	77.54%	20 yr	26,435,099	3.75%	991,316	3.75%	991,316
39 yr	2.68%	0.33%	3.01%	39 yr	1,025,821	1.177%	12,074	1.177%	12,074
50 yr	0.01%	0.15%	0.17%	50 yr	56,933	1.000%	569	1.000%	569
Land	n/a	n/a	n/a						
Vehicles	n/a	n/a	n/a						
Total	<u>54.06%</u>	<u>43.05%</u>	<u>97.11%</u>						
TOTAL ASSETS	<u>54.06%</u>	<u>43.05%</u>	<u>97.11%</u>						

Net Depreciable Baseline Plant Adds	33,107,880	1,372,798	1,372,798
Major Capital Projects from Schedule F2	-	-	-
Total Depreciable Plant Adds	<u>33,107,880</u>	<u>1,372,798</u>	<u>1,372,798</u>
Reconciliation from Baseline Plant Adds to Net Depreciable Plant Adds:		<i>Fed Tax Depreciation To Schedule F</i>	<i>St. Tax Depreciation To Schedule F</i>
Baseline Capital Projects Plant Adds	42,460,998	D2	
Less: Repairs deduction	MECO-WP-F1-001, pg. 1 8,369,229	<<supported by Special Study each year.	
Net plant add basis	34,091,769		
Less: Land and Vehicles (2.88% x 34,091,769)	983,889		
	<u>33,107,880</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.

MAUI ELECTRIC COMPANY, LIMITED
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)	
MECO Note: There were no Major Capital Projects in 2015.						
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 YR 1 TAX RATE	FED YR 1 TAX DEPR	STATE YR 1 TAX RATE	STATE YR 1 TAX DEPR
5	7 yr	-	57.145%	-	14.29%	-
6	15 yr	-	52.500%	-	5.00%	-
7	20 yr	-	51.875%	-	3.75%	-
8	39 yr	n/a				
9	Land	n/a				
10	Vehicles	n/a				
11	Total	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>
				<i>To Schedule F1</i>		
					<i>To Schedule F1</i>	

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
CIAC SUMMARY

Line No.	Description (a)	Reference (b)	Unamortized CIAC (c)	CIAC Amortization (d)
1	12/31/14 Beginning Balance	Sch. G1	\$ (88,217,709)	
2				
3	<u>2015 CIAC Additions:</u>			
4	Baseline 5-Yr Average	Sch. G1	(5,175,200)	
5	Major Projects	Sch. G2	-	
6	Net Additions		<u>(5,175,200)</u>	
7				
8	<u>2015 CIAC Amortization:</u>			
9	Estimated Amortization	Sch. G3	<u>1,907,533</u>	<u>\$ (1,907,533)</u>
10				
11	12/31/15 Ending Balance		<u>\$ (91,485,376)</u>	(1,907,533)
12				
13	LESS: CIAC Amortization in Current Revenues - NOTE (1)			<u>(1,567,000)</u>
14				
15	RAM Adjustment for CIAC Amortization			<u>\$ (340,533)</u>

Note (1):

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

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
BASELINE CAPITAL PROJECTS CIAC ADDITIONS

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

Line No.	Description (a)	2/22/2011	2/21/2012	2/19/2013	2/21/2014	2/26/2015
		2010 (d)	2011 (e)	2012 (f)	2013 (g)	2014 (h)
1	CIAC Balance, January 1 (Dec Rpt. pg. 10)	(72,393,407)	(73,969,015)	(74,765,860)	(82,211,127)	(85,047,271)
2	Less: CIAC Amortization (Dec Rpt. pg. 2)	2,743,432	2,018,844	1,738,802	1,733,766	1,816,855
3	Less: CIAC Balance, December 31 (Dec Rpt. pg. 10)	73,969,015	74,765,860	82,211,127	85,047,271	88,217,709
4						
5	Total CIAC Additions	4,319,040	2,815,689	9,184,069	4,569,910	4,987,293
6						
7	<u>Less Major Projects:</u>					
8						
9	<u>2006 In-service:</u>					
10	Maalaea Dual-Train Combined Cycle No. 2-Unit No. 18					
11						
12	<u>2009 In-service:</u>					
13	CHP Manele Bay Hotel					
14						
15	<u>2010 In-service:</u>					
16	6th Increment Distribution Rebuild					
17						
18	<u>2011 In-Service:</u>					
19	M14 Capital Overhaul					
20						
21	<u>2012 In-Service:</u>					
22	None					
23						
24	<u>2013 In-Service:</u>					
25	Major Overhaul of M16					
26						
27	Total Net CIAC Additions	4,319,040	2,815,689	9,184,069	4,569,910	4,987,293
28						
29	Last Five-Year Average					5,175,200

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.

NOTE (B):

A separate application was not filed with the Hawaii Public Utilities Commission for the M14 Capital Overhaul. This project was reported in the 2011 Third Quarter Capital Project Status Report filed on January 4, 2012. In the report, MECO identified that project costs had unexpectedly exceeded \$2.5M and provided an explanation for the higher costs. See Attachment 12, pages 1-2, of the Third Quarter 2011 Capital Project Status Report.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
MAJOR CAPITAL PROJECT CIAC ADDITIONS

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

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
CIAC AMORTIZATION

Line No.	Description	2013		2014		2015	
		Balance		Amortization	Balance	Amortization	
	(a)	(b)		(c)	(d)		(e)
1	<u>CIAC by Vintage:</u>						
2	1980	\$ 2,847	\$	(138)	\$ 2,709		(138)
3	1981	\$ 29,321	\$	(1,304)	\$ 28,018		(1,304)
4	1981 L	\$ 79	\$	(3)	\$ 75		(3)
5	1982	\$ 44,058	\$	(1,865)	\$ 42,193		(1,865)
6	1982	\$ 103,543	\$	(4,382)	\$ 99,160		(4,382)
7	1982 L	\$ 23	\$	(1)	\$ 22		(1)
8	1983	\$ 16,458	\$	(667)	\$ 15,791		(667)
9	1983 L	\$ 6	\$	(0)	\$ 6		(0)
10	1984	\$ 51,095	\$	(1,986)	\$ 49,109		(1,986)
11	1984 L	\$ 6	\$	(0)	\$ 5		(0)
12	1985	\$ 123,223	\$	(4,606)	\$ 118,617		(4,606)
13	1986	\$ 165,279	\$	(5,951)	\$ 159,328		(5,951)
14	1986 L	\$ 93	\$	(3)	\$ 90		(3)
15	1987	\$ 160,161	\$	(5,563)	\$ 154,597		(5,563)
16	1987 L	\$ 2,324	\$	(81)	\$ 2,244		(81)
17	1988	\$ 219,157	\$	(7,354)	\$ 211,804		(7,354)
18	1988 L	\$ 32,637	\$	(1,095)	\$ 31,542		(1,095)
19	1989	\$ 394,915	\$	(12,816)	\$ 382,098		(12,816)
20	1989 L	\$ 62,112	\$	(2,016)	\$ 60,096		(2,016)
21	1989 MO	\$ 82,955	\$	(2,698)	\$ 80,258		(2,698)
22	1990	\$ 503,873	\$	(15,833)	\$ 488,040		(15,833)
23	1990 L	\$ 28,852	\$	(907)	\$ 27,945		(907)
24	1990 MO	\$ 5,232	\$	(164)	\$ 5,067		(164)
25	1991	\$ 675,818	\$	(20,583)	\$ 655,234		(20,583)
26	1991 L	\$ 27,419	\$	(835)	\$ 26,584		(835)
27	1991 MO	\$ 9,431	\$	(287)	\$ 9,144		(287)
28	1992	\$ 519,827	\$	(15,361)	\$ 504,466		(15,361)
29	1992 L	\$ 61,441	\$	(1,816)	\$ 59,625		(1,816)
30	1992 MO	\$ 27,225	\$	(805)	\$ 26,421		(805)
31	1993 IK	\$ 2,291,159	\$	(65,758)	\$ 2,225,401		(65,758)
32	1993	\$ 447,793	\$	(12,850)	\$ 434,943		(12,850)
33	1993 L	\$ 65,446	\$	(1,878)	\$ 63,568		(1,878)
34	1993 MO	\$ 18,659	\$	(535)	\$ 18,124		(535)
35	1994	\$ 447,059	\$	(12,469)	\$ 434,591		(12,469)
36	1994 L	\$ (11,502)	\$	321	\$ (11,181)		321
37	1994 MO	\$ 8,123	\$	(227)	\$ 7,896		(227)
38	1993 IK	\$ 278,620	\$	(7,995)	\$ 270,624		(7,995)
39	1995	\$ 466,150	\$	(12,646)	\$ 453,504		(12,646)
40	1995 L	\$ 3,568	\$	(97)	\$ 3,471		(97)
41	1995 MO	\$ 67,888	\$	(1,842)	\$ 66,046		(1,842)
42	1996	\$ 535,016	\$	(14,129)	\$ 520,887		(14,129)
43	1996 L	\$ 10,829	\$	(286)	\$ 10,543		(286)
44	1996 MO	\$ 74,688	\$	(1,972)	\$ 72,716		(1,972)
45	1996 IK	\$ 98,702	\$	(2,607)	\$ 96,096		(2,607)
46	1997	\$ 423,902	\$	(10,905)	\$ 412,997		(10,905)
47	1997 L	\$ 64,059	\$	(1,648)	\$ 62,411		(1,648)
48	1997 MO	\$ 55,349	\$	(1,424)	\$ 53,925		(1,424)
49	1998	\$ 755,850	\$	(18,955)	\$ 736,894		(18,955)
50	1998 L	\$ 23,505	\$	(589)	\$ 22,916		(589)
51	1998 MO	\$ 17,096	\$	(429)	\$ 16,667		(429)
52	1999	\$ 988,626	\$	(24,184)	\$ 964,443		(24,184)
53	1999 L	\$ 5,792	\$	(142)	\$ 5,650		(142)
54	1999 MO	\$ (785)	\$	19	\$ (766)		19
55	2000	\$ 891,400	\$	(21,283)	\$ 870,117		(21,283)
56	2000 L	\$ 4,066	\$	(97)	\$ 3,969		(97)
57	2000 MO	\$ 22,302	\$	(532)	\$ 21,769		(532)
58	2001	\$ 1,391,233	\$	(32,439)	\$ 1,358,794		(32,439)
59	2001 L	\$ 97,160	\$	(2,265)	\$ 94,895		(2,265)
60	2001 MO	\$ 36,752	\$	(857)	\$ 35,895		(857)

Line No.	Description (a)	2013		2014		2015	
		Balance (b)		Amortization (c)	Balance (d)	Amortization (e)	
61	2002	\$ 994,682	\$	(22,663)	\$ 972,019		(22,663)
62	2002 L	\$ 11,527	\$	(263)	\$ 11,264		(263)
63	2002 MO	\$ 8,958	\$	(204)	\$ 8,754		(204)
64	2003	\$ 6,431,709	\$	(143,264)	\$ 6,288,444		(143,264)
65	2003 L	\$ 511,031	\$	(11,383)	\$ 499,648		(11,383)
66	2003 MO	\$ 18,547	\$	(413)	\$ 18,134		(413)
67	2004	\$ 2,050,752	\$	(44,682)	\$ 2,006,070		(44,682)
68	2004 L	\$ 103,768	\$	(2,261)	\$ 101,507		(2,261)
69	2004 MO	\$ 33,573	\$	(731)	\$ 32,841		(731)
70	2005	\$ 6,041,523	\$	(128,817)	\$ 5,912,706		(128,817)
71	2005 L	\$ 351,232	\$	(7,489)	\$ 343,743		(7,489)
72	2005 MO	\$ 1,446,912	\$	(30,851)	\$ 1,416,061		(30,851)
73	2006	\$ 8,757,424	\$	(182,817)	\$ 8,574,607		(182,817)
74	2006 L	\$ 83,471	\$	(1,743)	\$ 81,728		(1,743)
75	2006 MO	\$ 401,128	\$	(8,374)	\$ 392,755		(8,374)
76	2007	\$ 8,160,237	\$	(166,858)	\$ 7,993,379		(166,858)
77	2007 L	\$ 34,994	\$	(716)	\$ 34,278		(716)
78	2007 MO	\$ 107,883	\$	(2,206)	\$ 105,677		(2,206)
79	2008	\$ 7,945,873	\$	(159,212)	\$ 7,786,661		(159,212)
80	2008 L	\$ 493,275	\$	(9,884)	\$ 483,392		(9,884)
81	2008 MO	\$ 37,417	\$	(750)	\$ 36,667		(750)
82	2009	\$ 7,314,674	\$	(143,679)	\$ 7,170,995		(143,679)
83	2009 L	\$ 361,534	\$	(7,101)	\$ 354,433		(7,101)
84	2009 MO	\$ 63,325	\$	(1,244)	\$ 62,081		(1,244)
85	2010	\$ 4,047,325	\$	(77,961)	\$ 3,969,364		(77,961)
86	2010 L	\$ (4,897)	\$	94	\$ (4,803)		94
87	2010 MO	\$ 15,456	\$	(298)	\$ 15,158		(298)
88	2011	\$ 2,651,918	\$	(50,115)	\$ 2,601,803		(50,115)
89	2011 L	\$ 10,291	\$	(194)	\$ 10,096		(194)
90	2011 MO	\$ 46,824	\$	(885)	\$ 45,939		(885)
91	2012	\$ 8,930,836	\$	(165,386)	\$ 8,765,450		(165,386)
92	2012 L	\$ 55,193	\$	(1,022)	\$ 54,171		(1,022)
93	2012 MO	\$ 31,057	\$	(575)	\$ 30,482		(575)
94	2013	\$ 4,448,923	\$	(80,890)	\$ 4,368,034		(80,890)
95	2013 L	\$ 51,424	\$	(935)	\$ 50,489		(935)
96	2013 MO	\$ 69,563	\$	(1,265)	\$ 68,298		(1,265)
97	2014	\$ 4,844,992	\$		\$ 4,844,992		(88,091)
98	2014 L	\$ 89,963	\$		\$ 89,963		(1,636)
99	2014 MO	\$ 52,338	\$		\$ 52,338		(952)
100	Total CIAC Amortization for 2015 RAM	85,047,271		(1,816,855)	88,217,709		(1,907,533)

Legend:

L - Lanai
MO - Molokai
IK - In-kind

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

Line No.	Description (a)	Reference (b)	Rate-making Basis Return on Equity			
			Operating Income (c)	Rate Base (d)	Rate of Return (e)	
1	Reported Operating Income before ratemaking adj.	PUC Report, p. 2A and MECO-WP-H-001	\$ 31,940	\$ 439,038		
2	<u>Rate-making Adjustments to Line 1:</u>					
2a	Incentive Compensation Expenses (net of tax)	MECO-WP-H-002	519			
2b	Discretionary and Other Expenses Not Recoverable (net of tax)	MECO-WP-H-002	183			
2c	Amortization of investment income differential	MECO-WP-H-003	11			
2d	Income tax on items to be replaced by synchronized interest	MECO-WP-H-003	(3,699)			
2e	Remove Accrued Earnings Sharing Refund	MECO-WP-H-006	283			
3	Rate-making Basis Amounts - Post Tax	Sum Lines 1 & 2	\$ 29,237	\$ 439,038		
4	<u>Rate-making Capitalization</u>		Balances	Ratios	Cost Rate	Weighted Cost
5	Short-Term Debt (12 mo. Avg)		\$ 13,683	3.02%	0.54%	0.02%
6	Long-Term Debt (Simple Avg)		\$ 172,494	38.08%	5.11%	1.94%
7	Hybrid Securities (Simple Avg)		\$ 9,445	2.08%	7.27%	0.15%
8	Preferred Stock (Simple Avg)		\$ 4,764	1.05%	8.21%	0.09%
9	Common Equity (Simple Avg)		\$ 252,634	55.77%	9.00%	5.02%
10	Total Capitalization	MECO-WP-H-004	\$ 453,019	100.00%		7.22%
11	Line 3 Rate Base Amount				\$ 439,038	
12	Weighted Cost of Debt	Sum lines 5-7			2.1116%	
13	Synchronized Interest Expense				\$ 9,271	
	Income Tax Factor	Note 1			1.6369	
13a	Synchronized Interest Expense, net of tax				\$ 5,663	
14	Post Tax Income Available for Preferred & Common (Line 3 - Line 13a)					\$ 23,573
17	Less: Preferred Income Requirement (Line 8 Weighted Cost times Rate Base)					\$ 379
18	Income Available for Common Stock					\$ 23,194
19	Rate-making Equity Investment (Line 9 Ratio times Rate Base)					\$ 244,837
20	Return on Equity for Decoupling Earnings Sharing	Line 18/Line 19				9.47%
21	<u>Earnings Sharing Revenue Credits:</u>		Basis Points			
22	Achieved ROE (basis points)		947			
23	Authorized Return (basis points)	D&O 30505 in Dkt. No. 2010-0080, filed on June 29, 2012	900			
24	ROE for sharing (basis points)		47			
25	Sharing Grid per RAM Provision		First 100 bp	Next 200 bp	All over 300 bp	Ratepayer Total
26	Distribution of Excess ROE (basis points)		47	0	0	
27	Ratepayer Share of Excess Earnings		25%	50%	90%	
28	Ratepayer Earnings Share - Basis Points		12	-	-	12
29	Revenue Credit per Basis Point (Note 2)					44
30	Earnings Sharing Revenue Credits (thousands)					\$ 520,522

Footnotes:

1	Composite Federal & State Income Tax Rate	38.91%
	Income Tax Factor (1 / 1-tax rate)	1.6369
2	Rate-making Equity Investment (line 19)	\$ 244,837
	Basis Point = 1/100 of a percent	0.01%
	Earnings Required per Basis Point (thousands)	\$ 24.48
	Times: Income Tax Conversion Factor	1.636929121
	Pretax Income Required per Basis Point (thousands)	\$ 40
	Times: Revenue Tax Conversion Factor	1.0975
	Revenue Requirement per Basis Point (thousands)	\$ 44

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

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

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

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

<u>Line No.</u>	<u>Decription</u> (a)	<u>Reference</u> (b)	<u>Amount \$000</u> (c)	
1	Adjusted 2014 Target Revenues Subject to GDDPI escalation	MECO-WP-J-001	143,927	
2	Gross Domestic Product Price Index (GDPI)	MECO-WP-C-002	0.011	
3	RAM Cap Increase	Line 1 x 2	1,583	
4	Adjusted 2014 RAM Revenue Adjustment	MECO-WP-J-001	10,025	
5	RAM Cap for 2015 RAM Revenue Adjustment	Line 3 + 4	11,608	
6	LESS: 2015 Depreciation and Amortization in excess of Actual	MECO-WP-J-003	(287)	Note 2
7	RAM Cap for 2015 RAM Revenue Adjustment, Adjusted	Lines 5 + 6	11,321	

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 GDPI 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.

MAUI ELECTRIC COMPANY, LIMITED
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	\$ 430.3
2	2015 Revenue Adjustment for Exceptional & Other Matters		<u>\$ 430.3</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 referenced 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.

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

			MECO 2015 RAM Rate Base (Note 1)		
Line No.	Description	Reference	Recorded at 12/31/2014	RAM Projected Amounts	Estimated at 12/31/2015
	(a)	(b)	(e)	(f)	(g)
1	CIS Def Cost	MECO-WP-D1-001, page 1	\$ 2,428	\$ (233)	\$ 2,195
2	CIS ADIT - 28400	Note 2	(844)	47	(796)
3	Total	Line 1 + 2	\$ 1,584	\$ (186)	\$ 1,398
4	2015 Average Balance				\$ 1,491.3
5	Change in Rate Base				<u>\$ 1,491.3</u>
6	Pretax Rate of Return	Schedule D			10.66%
7	Pretax Return Requirement	Line 5 x 6			\$ 159.0
8	Revenue Requirement \$000	Line 7 x 11			<u>\$ 174.5</u>
9	CIS Amortization	MECO-WP-D1-001, page 1			\$ 233.1
10	Revenue Requirement \$000	Line 9 x 11			<u>\$ 255.8</u>
11	Revenue Tax Factor (1/(1-8.885%))	Schedule D			1.0975
12	Total Return on/of Investment \$000	Line 8 + 10			<u><u>\$ 430.3</u></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 #28400 Customer Information System

	Reference	Federal	State	Total
1	Balance at 12/31/14	(480,010)	(85,341)	(565,351)
2	ADIT adj. to correct prior year nonutility allocation			
3	AFUDC ADIT Adjustment	118,617	24,813	143,430
4	Balance at 12/31/14, as adjusted	<u>(356,709)</u>	<u>(65,226)</u>	<u>(421,935)</u>
		(718,102)	(125,754)	(843,856)
5	2015 Tax Amortization	(86,800)	(173,600)	
6	State Tax Deduction	10,442		
7	Tax Rate	35.0000%	6.0150%	
8	2015 Deferrred Taxes	<u>(26,725)</u>	<u>(10,442)</u>	<u>(37,167)</u>
9	2015 Book Amortization	217,370	217,370	
10	Tax Rate	32.8947%	6.0150%	
11	2015 Deferred Taxes	<u>71,503</u>	<u>13,075</u>	<u>84,578</u>
12	Balance at 12/31/15	<u><u>(673,324)</u></u>	<u><u>(123,122)</u></u>	<u><u>(796,446)</u></u>

Note 2a

	Reference	Federal	State	Total
Balance at 12/31/14		(480,010)	(85,341)	(565,351)
AFUDC ADIT Adjustment	Note 2b	(356,709)	(65,226)	(421,935)
		(836,719)	(150,567)	(987,286)
Corrected Balance at 12/31/14	WP-K1-001	<u>(718,102)</u>	<u>(125,755)</u>	<u>(843,857)</u>
Adjustment to correct ADIT for nonutility allocation--misallocation resulted in an overstatement of ADIT/understatement of rate base.		118,617	24,813	143,430

Note 2b

ADIT on originating AFUDC was recorded to AFUDC Debt and Equity in the years incurred. This ADIT was properly included in rate base in the past, but there was no need to separate this until the RAM Cap was instituted. The ADIT is calculated as follows:

	Base	32.89% Federal	6.02% State	Total
AFUDC on CIS deferred costs	(1,084,396)	(356,709)	(65,226)	(421,935)

Note 2c

For tax purposes, CIS costs are amortized over 36 month and are fully amortized in 2015.

Maui Electric Company, Ltd.
2015 -2016 Revenue and Expense Forecast
MWH SALES

	2015							2016					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>	
Maui	84,773	88,668	91,222	85,547	92,223	86,912	88,524	88,097	79,894	83,749	80,344	83,307	1,033,260
Lanai	2,209	2,273	2,300	2,229	2,225	2,194	2,150	2,246	2,017	2,216	2,170	2,214	26,445
Molokai	2,264	2,350	2,436	2,381	2,449	2,324	2,355	2,311	2,151	2,277	2,206	2,322	27,826
Total (A)	89,246	93,291	95,958	90,156	96,897	91,431	93,029	92,655	84,062	88,242	84,720	87,843	1,087,530
													(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)	68,422	93,291	95,958	90,156	96,897	91,431	93,029	92,655	84,062	88,242	84,720	87,843	1,066,706
													(Adjusted for partial month of June, 23 out of 30 days)

Source: December 2014 Update

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

Line No.	Description (a)	Reference (b)	Amount \$000 (c)
1	O&M RAM	5/14/14 Decoupling Filing, Sch. A	\$ 1,967
2	Rate Base RAM - Return on Investment	MECO-WP-J-002, p.1	4,919
3	Depreciation & Amortization RAM Expense	MECO-WP-J-002, p.6	3,139
4	2014 Total Adjusted RAM Revenue Adjustment		\$ 10,025 Sch J
5	Last Rate Order Target Annual Revenues	Schedule B1	\$ 122,340
6	Earnings Sharing Credit	Schedule B1	\$ (334)
7			\$ 122,006
8	Revenue Tax Factor (1/(1-8.885%))		1.0975
9	Last Rate Order Target Annual Revenues plus Revenue Taxes	Line 7 x 8	\$ 133,902
10	2014 Adjusted Target Revenues subject to GDPPI Escalation	Line 4 + 9 (Note 1)	\$ 143,927 Sch J

Note 1 See Decision and Order No. 32735, paragraph 107, Page 94 - 95, filed March 31, 2015, in which the commission noted that the basis used in determining the RAM Cap shall be adjusted to exclude or otherwise appropriately account for adjustments for the recovery of revenues for previously explicitly stipulated and approved exceptional matters or other matters specifically ordered by the commission, which shall, in any event, be recovered fully without respect to any limitations resulting from application of the RAM Cap. Accordingly, the 2014 RAM revenue requirement for CIS Deferred Cost is excluded from the 2014 Adjusted Target Revenues subject to GDPPI escalation.

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

Line No.	Description (a)	AMOUNTS (IN THOUSANDS) (b)	PERCENT OF TOTAL (c)	COST RATE (d)	POST TAX WEIGHTED EARNINGS REQMTS (e)	INCOME TAX FACTOR Note (1) (f)	PRETAX WEIGHTED EARNINGS REQMTS (g)
1	PUC APPROVED CAPITAL STRUCTURE & COSTS (Decision & Order No. 31288, Docket No. 2011-0092, page 113, dated May 31, 2013) Att. 1A, page 2):						
2	Short-Term Debt	\$ 5,003	1.23%	1.25%	0.02%	1.000000	0.02%
3	Long-Term Debt	156,370	38.44%	5.06%	1.95%	1.000000	1.95%
4	Hybrid Securities	9,373	2.30%	7.32%	0.17%	1.000000	0.17%
5	Preferred Stock	4,744	1.17%	8.25%	0.10%	1.636929121	0.16%
6	Common Equity	231,310	56.86%	9.00%	5.12%	1.636929121	8.38%
7	Total Capitalization	<u>\$ 406,800</u>	<u>100.00%</u>		<u>7.34%</u>		<u>10.66%</u>
8	RAM CHANGE IN RATE BASE \$000 (From MECO-WP-J-002, p.2)						\$ 43,958.0
9	PRETAX RATE OF RETURN (Line 7, Col g)						10.66%
10	PRETAX RETURN REQUIREMENT						\$ 4,685.9
11	REVENUE TAX FACTOR (1/(1-8.885%))						1.0975
12	RATE BASE RAM - RETURN ON INVESTMENT \$000						\$ 5,142.9
13	Less: Exceptional and Other Matters (From MECO-WP-J-002, p. 3)						\$ (223.8)
14	RATE BASE RAM - RETURN ON INVESTMENT \$000						<u>\$ 4,919.1</u>

MECO-WP-J-001

* Amounts may not add due to rounding.

Footnote:

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

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

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

Line No.	Description (a)	MECO 2012 Test Year Rate Base Note (2)		MECO 2014 RAM Rate Base			
		Beg. Balance 12/31/2011 (b)	Budgeted Balance 12/31/2012 (c)	Adjusted Recorded at 12/31/2013 (d)	RAM Projected Amounts (e) = (f) - (d) (f)	Actual Adjusted Recorded at 12/31/2014 (f)	
1	Net Cost of Plant in Service	\$ 465,783	\$ 493,298	\$ 540,929	\$ 33,279	\$ 574,208	Note (4)
2	Property Held for Future Use	1,303	1,303				
3	Fuel Inventory	18,577	18,577				
4	Materials & Supplies Inventories	13,387	13,387				
5	Unamort Net SFAS 109 Reg Asset	8,405	8,642				
6	Pension Asset	3,453	4,377				
7	Unamort OPEB Reg Asset	344	261				
8	Unamort Sys Dev Costs	1,240	1,487				
9	Contrib in Excess of NPPC	3,101	8,400				
10	CIS Deferred Cost			2,661	(233)	2,428	Note (4) & (5)
11	not used						
12	Total Additions	\$ 515,593	\$ 549,732	\$ 596,712	\$ 33,046	\$ 629,758	
13	Unamortized CIAC	\$ (74,766)	\$ (83,821)	\$ (85,047)	\$ (3,170)	\$ (88,218)	Note (4)
14	Customer Advances	(4,649)	(4,599)				
15	Customer Deposits	(4,346)	(4,812)				
16	Accumulated Def Income Taxes	(42,143)	(55,666)	(70,931)	(14,496)	(85,427)	Note (4)
17	Unamortized State ITC (Gross)	(12,150)	(12,752)				
18	Unearned Interest Income	-	-				
19	Unamortized Gain on Sale	-	-				
20	Total Deductions	\$ (138,054)	\$ (161,650)	\$ (177,632)	\$ (17,667)	\$ (195,298)	
21	Working Cash (Note 3)	10,590	10,590	10,590	Not Updated	10,590	
22	Rate Base at Proposed Rates	\$ 388,129	\$ 398,672	\$ 429,670		\$ 445,048	
23	Average Rate Base		\$ 393,401			\$ 437,359	
24	Change in Rate Base					\$ 43,958	MECO-WP-J-002, p. 1
25	Column (e) Projected Changes to Rate Base:		Reference	Amount			
26	Plant - Baseline Capital Project Additions		Schedule D2	39,082			
27	Major CIP Project Additions		Schedule D3	-			
28	Accumulated Depreciation/Amortization Change		Schedule E	(23,324)			
29	Net Plant		Sum Lines 26-28	15,758			
30	Accum. Deferred Income Taxes - Baseline and Major Capital Projects		Schedule F	(522)			
31	Projected CIAC Additions - Baseline		Schedule G1	(5,877)			
32	Projected CIAC Additions - Major CIP		Schedule D3	-			
33	Less: Amortization of CIAC		Schedule G	1,817			
34	Total Change in CIAC in Rate Base		Sum: Lines 31-33	(4,060)			

* Amounts may not add due to rounding

Notes:

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

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

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

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

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

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

(4) See Adjusted Recorded at 12/31/14 for the respective line items below.

	Plant in Service	Acc. Depr.	CIAC Net	ADIT
Adjusted 2014 Balance (Schedule D1)	\$ 1,053,225	\$ (479,017)	\$ (88,218)	\$ (85,570)
Adjustment to CIS ADIT (Schedule K1)				143
	\$ 1,053,225	\$ (479,017)	\$ (88,218)	\$ (85,427)

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

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

Line No.	Description (a)	Reference (b)	MECO 2014 RAM Rate Base (Note 1)		
			Adjusted Recorded at 12/31/2013 (e)	RAM Projected Amounts (f)	Adjusted Recorded at 12/31/2014 (g)
1	CIS Def Cost	MECO-WP-J-002, p.2 MECO-WP-D4-001	\$ 2,661	\$ (233)	\$ 2,428
2	CIS ADIT - 28400	ADIT/SCHEDULE K1	(420)	-	(844)
3	Total	Line 1 + 2	\$ 2,241	\$ (233)	\$ 1,584
4	2014 Average Balance				\$ 1,912.5
5	Change in Rate Base				<u>\$ 1,912.5</u>
6	Pretax Rate of Return	Schedule D			10.66%
7	Pretax Return Requirement	Line 5 x 6			\$ 203.9
8	Revenue Requirement \$000	Line 7 x 11			<u>\$ 223.8</u>
9	CIS Amortization	MECO-WP-D1-001			\$ 233.1
10	Revenue Requirement \$000	Line 9 x 11			<u>\$ 255.8</u>
11	Revenue Tax Factor (1/(1-8.885%))	Schedule D			1.0975
12	Total Return on/of Investment \$000	Line 8 + 10			<u><u>\$ 479.6</u></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.

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF DEPRECIATION & AMORTIZATION RAM ADJUSTMENT

Line No.	NARUC Account	Recorded Depreciable/Amort. Balance	Adjustments	Adjusted Depreciable/Amort. Balance	PUC Approved Accrual Rate Dkt. 2009-0286	Annual Accrual
	(a)	(b)	(c)	(d)	(e)	(f)
		Footnote (1)	Footnote (2)			
1	Plant Accounts					
2	310.00	-		-	0.0000	-
3	311.00	6,847,880		6,847,880	0.0289	197,904
4	312.00	51,254,841		51,254,841	0.0375	1,922,057
5	314.00	48,276,735		48,276,735	0.0589	2,843,500
6	315.00	8,948,513		8,948,513	0.0419	374,943
7	MAUI STEAM PRODUCTION	115,327,969	-	115,327,969	0.0463	5,338,404
8						
9	340.00	-		-	0.0000	-
10	341.00	34,661,215		34,661,215	0.0117	405,536
11	342.00	4,200,155		4,200,155	0.0097	40,741
12	343.00	42,457,757		42,457,757	0.0080	339,662
13	344.00	107,913,209		107,913,209	0.0164	1,769,777
14	345.00	28,718,681		28,718,681	0.0157	450,883
15	MAUI OTHER PRODUCTION	217,951,017	-	217,951,017	0.0138	3,006,599
16						
17	MAUI TOTAL PRODUCTION	333,278,986	-	333,278,986	0.0250	8,345,003
18						
19	350.20	-		-	0.0000	-
20	350.00	2,446,576		2,446,576	0.0158	38,656
21	352.00	7,256,636		7,256,636	0.0202	146,584
22	353.00	50,576,426		50,576,426	0.0158	799,108
23	355.00	31,586,828		31,586,828	0.0167	527,500
24	356.00	27,011,478		27,011,478	0.0175	472,701
25	357.00	714,085		714,085	0.0159	11,354
26	358.00	1,193,803		1,193,803	0.0198	23,637
27	MAUI TRANSMISSION	120,785,831	-	120,785,831	0.0167	2,019,540
28						
29	360.20	-		-	0.0000	-
30	360.00	1,376,243		1,376,243	0.0203	27,938
31	361.00	1,463,312		1,463,312	0.0120	17,560
32	362.00	46,458,254		46,458,254	0.0134	622,541
33	363.00	2,140,265		2,140,265	0.0192	41,093
34	364.00	34,871,043		34,871,043	0.0170	592,808
35	365.00	58,109,739		58,109,739	0.0165	958,811
36	366.00	59,609,422		59,609,422	0.0203	1,210,071
37	367.00	70,808,457		70,808,457	0.0117	828,459
38	368.00	60,163,914		60,163,914	0.0222	1,335,639
39	369.10	24,325,574		24,325,574	0.0378	919,507
40	369.20	55,096,587		55,096,587	0.0232	1,278,241
41	370.00	9,798,862	2,270,495	12,069,357	0.0192	231,732
42	373.00	12,038,525		12,038,525	0.0187	225,120
43	MAUI DISTRIBUTION	436,260,197	2,270,495	438,530,692	0.0190	8,289,518
44						
45	389.20	-		-	0.0000	-
46	390.00	11,299,582		11,299,582	0.0106	119,776
47	MAUI GENERAL	11,299,582	-	11,299,582	0.0106	119,776
48						
49	392.10	6,247,827		6,247,827	0.0536	334,884
50	392.20	4,269,530		4,269,530	0.0305	130,221
51	MAUI TRANSPORTATION	10,517,357	-	10,517,357	0.0442	465,104
52						
53	TOTAL MAUI DIVISION	912,141,953	2,270,495	914,412,448	0.0211	19,238,941
54						

Line No.	NARUC Account	Recorded Depreciable/Amort. Balance	Adjustments	Adjusted Depreciable/Amort. Balance	PUC Approved Accrual Rate Dkt. 2009-0286	Annual Accrual
	(a)	(b) Footnote (1)	(c) Footnote (2)	(d)	(e)	(f)
55	LANAI					
56	340.0L	-		-	0.0000	-
57	341.0L	4,080,334		4,080,334	0.0454	185,247
58	342.0L	1,914,270		1,914,270	0.0304	58,194
59	343.0L	1,619,547		1,619,547	0.0360	58,304
60	344.0L	8,247,506		8,247,506	0.0234	192,992
61	345.0L	3,245,625		3,245,625	0.0253	82,114
62	LANAI OTHER PRODUCTION	19,107,282	-	19,107,282	0.0302	576,851
63						
64	360.1L	152,209		152,209	0.0203	3,090
65	362.0L	2,185,915		2,185,915	0.0165	36,068
66	364.0L	2,069,001		2,069,001	0.0185	38,277
67	365.0L	2,870,643		2,870,643	0.0165	47,366
68	366.0L	1,280,128		1,280,128	0.0211	27,011
69	367.0L	2,323,200		2,323,200	0.0122	28,343
70	368.0L	804,319		804,319	0.0208	16,730
71	369.1L	1,040,771		1,040,771	0.0380	39,549
72	369.2L	1,068,921		1,068,921	0.0256	27,364
73	370.0L	490,506		490,506	0.0195	9,565
74	373.0L	265,072		265,072	0.0166	4,400
75	LANAI DISTRIBUTION	14,550,684	-	14,550,684	0.0191	277,762
76						
77	389.2L	-		-	0.0000	-
78	390.0L	801,698		801,698	0.0138	11,063
79	LANAI GENERAL	801,698	-	801,698	0.0138	11,063
80						
81	392.1L	958,996		958,996	0.0086	8,247
82	392.2L	347,822		347,822	0.0875	30,434
83	LANAI TRANSPORTATION	1,306,818	-	1,306,818	0.0296	38,682
84						
85	Lanai CHP - Production	-	3,010,000	3,010,000	0.0319	96,019
86	Lanai CHP - Distribution	-	490,000	490,000	0.0230	11,270
87	LANAI RATEMAKING ADJUSTMENT	-	3,500,000	3,500,000	0.0307	107,289
88						
89	TOTAL LANAI DIVISION	35,766,482	3,500,000	39,266,482	0.0258	1,011,647
90						
91	MOLOKAI					
92	302.0M	-		-	0.0000	-
93	INTANGIBLE PLANT	-	-	-	0.0000	-
94						
95	340.0M	-		-	0.0000	-
96	341.0M	2,650,558		2,650,558	0.0447	118,480
97	342.0M	1,927,423		1,927,423	0.0452	87,120
98	343.0M	2,009,008		2,009,008	0.0256	51,431
99	344.0M	11,228,090		11,228,090	0.0354	397,474
100	345.0M	4,623,549		4,623,549	0.0266	122,986
101	MOLOKAI OTHER PRODUCTION	22,438,628	-	22,438,628	0.0346	777,491
102						
103	350.1M	-		-	0.0000	-
104	353.0M	605,475		605,475	0.0232	14,047
105	354.0M	38,669		38,669	0.0233	901
106	355.0M	117,065		117,065	0.0077	901
107	356.0M	260,344		260,344	0.0097	2,525
108	MOLOKAI TRANSMISSION	1,021,553	-	1,021,553	0.0180	18,375
109						
110	360.1M	29,136		29,136	0.0202	589
111	361.1M	59,259		59,259	0.0066	391
112	362.0M	1,285,089		1,285,089	0.0163	20,947
113	364.0M	3,936,416		3,936,416	0.0224	88,176
114	365.0M	3,078,822		3,078,822	0.0177	54,495
115	366.0M	136,064		136,064	0.0227	3,089
116	367.0M	3,786,878		3,786,878	0.0174	65,892
117	368.0M	1,655,493		1,655,493	0.0225	37,249
118	369.1M	1,521,282		1,521,282	0.0406	61,764
119	369.2M	1,083,204		1,083,204	0.0261	28,272
120	370.0M	512,572		512,572	0.0121	6,202
121	373.0M	330,608		330,608	0.0152	5,025
122	MOLOKAI DISTRIBUTION	17,414,824	-	17,414,824	0.0214	372,089
123						
124	389.2M	56,383		56,383	0.0003	17
125	390.0M	694,144		694,144	0.0085	5,900
126	MOLOKAI TOTAL GENERAL	750,526	-	750,526	0.0079	5,917
127						
128	392.1M	738,282		738,282	0.0000	-
129	392.2M	349,161		349,161	0.0000	-
130	MOLOKAI TRANSPORTATION	1,087,444	-	1,087,444	0.0000	-
131						
132	TOTAL MOLOKAI DIVISION	42,712,975	-	42,712,975	0.0275	1,173,872
133						
134						
135	UTILITY TOTAL DEPRECIATION	990,621,410	5,770,495	996,391,905	0.0216	21,424,460
136						

Line No.	NARUC Account (a)	Recorded Depreciable/Amort. Balance (b)	Adjustments (c)	Adjusted Depreciable/Amort. Balance (d)	PUC Approved Accrual Rate Dkt. 2009-0286 (e)	Annual Accrual (f)
137	Amortization Amounts					
138						
139	MAUI					
140	316.00	3,204,022		3,204,022	0.0500	\$ 160,201
141	346.00	14,996,500		14,996,500	0.0500	749,825
142	MAUI PRODUCTION	18,200,523	-	18,200,523	0.0500	910,026
143						
144	391.10	2,357,088		2,357,088	0.2000	471,418
145	391.20	448,412		448,412	0.1000	44,841
146	391.30	1,271,728		1,271,728	0.0667	84,824
147	393.00	568,540		568,540	0.0400	22,742
148	394.00	6,288,673		6,288,673	0.0400	251,547
149	395.00	470,747		470,747	0.0667	31,399
150	396.00	140,554		140,554	0.0556	7,815
151	397.00	21,242,642		21,242,642	0.0667	1,416,884
152	398.00	1,155,200		1,155,200	0.0667	77,052
153	MAUI GENERAL	33,943,584	-	33,943,584	0.0710	2,408,521
154						
155	TOTAL MAUI DIVISION	52,144,107	-	52,144,107	0.0636	3,318,547
156						
157	LANAI					
158	346.0L	1,192,731		1,192,731	0.0500	59,637
159	LANAI OTHER PRODUCTION	1,192,731	-	1,192,731	0.0500	59,637
160						
161	391.1L	25,521		25,521	0.2000	5,104
162	391.2L	2,331		2,331	0.1000	233
163	391.3L	2,959		2,959	0.0667	197
164	394.0L	36,529		36,529	0.0400	1,461
165	397.0L	821,693		821,693	0.0667	54,807
166	398.0L	34,054		34,054	0.0667	2,271
167	LANAI GENERAL	923,087	-	923,087	0.0694	64,074
168						
169	TOTAL LANAI DIVISION	2,115,818	-	2,115,818	0.0585	123,711
170						
171	MOLOKAI					
172	346.0M	1,940,988		1,940,988	0.0500	97,049
173	MOLOKAI OTHER PRODUCTION	1,940,988	-	1,940,988	0.0500	97,049
174						
175	391.1M	10,308		10,308	0.2000	2,062
176	391.2M	-		-	0.1000	-
177	391.3M	10,387		10,387	0.0667	693
178	394.0M	104,317		104,317	0.0400	4,173
179	397.0M	1,030,344		1,030,344	0.0667	68,724
180	398.0M	32,143		32,143	0.0667	2,144
181	MOLOKAI GENERAL	1,187,498	-	1,187,498	0.0655	77,795
182						
183	TOTAL MOLOKAI DIVISION	3,128,486	-	3,128,486	0.0559	174,844
184						
185	Net Unrecovered Amortization - Footnote (3)					(404,262)
186						
187	UTILITY TOTAL AMORTIZATION	57,388,411	-	57,388,411	0.0560	3,212,840
188						
189						
190	TOTAL RAM DEPRECIATION / AMORTIZATION					\$ 24,637,300
191	LESS: Vehicle Depreciation (A/C 392 above)					\$ (503,786)
192	LESS: Depreciation & Amortization in Current Revenues				Footnote (4)	\$ (20,933,000)
193						
194	RAM Adjustment for Depreciation & Amortization					\$ 3,200,514
195	RAM Adjustment for CIAC Amortization				Sch. G	\$ (340,533)
196	RAM Adjustment for CIS Amortization				MECO-WP-D1-001, page 2	\$ 233,099
197	Total RAM Adjustment for Depreciation & Amortization					\$ 3,093,079
198	Times: Factor for Revenue Taxes					1.0975
199						
200	RAM DEPRECIATION & AMORTIZATION					\$ 3,394,698
201						
202	RAM Adjustment for CIS Def Cost Amortization (from Line 196)					\$ (233,099)
203	Depreciation and Amortization for Exceptional and Other Matters					\$ (233,099)
204	Times: Factor for Revenue Taxes					1.0975
205	Total Depreciation and Amortization for Exceptional and Other Matters					\$ (255,829)
206						
207	ADJUSTED RAM DEPRECIATION & AMORTIZATION (Line 200 - 205)					\$ 3,138,869

Footnotes:

(1) Depreciable Balance	\$	990,621,410	Line 135
Amortizable Balance		57,388,411	Line 188
Total Utility Plant per Schedule	\$	1,048,009,821	

Add: Land, Land Rights, Franchises &
 Consents as of 12/31/14 not included in
 Schedule

		1,714,890
Total Utility Plant per G/L	\$	1,049,724,711

(2) Amounts are recorded, except for the following adjustment:

Adjust meter balances to actual ¹	2,270,495	
Lanai CHP	<u>3,500,000</u>	MECO-WP-1303, Dkt. No. 2014-0318
Total Adjustment	<u>\$ 5,770,495</u>	Column (c)

¹ Meters were erroneously retired in 2014 and reinstated in early 2015. This adjustment corrects the depreciable balance to properly state the 2015 depreciation expense.

(3) Net Unrecovered Amortization:

Account	Net Unrecovered Amortization (c) ²	Annual Recovery (c) / 5 years ³
316.00	297,187	34,672
346.00	(1,793,299)	(209,218)
391.10	243,160	28,369
391.20	281,487	32,840
391.30	163,845	19,115
393.00	(100,913)	(11,773)
394.20	331,090	38,627
394.30	90,755	10,588
395.10	201,529	23,512
395.20	-	-
395.40	(2,856)	(333)
396.00	(6,091)	(711)
397.00	(3,100,803)	(361,760)
398.00	<u>(70,196)</u>	<u>(8,190)</u>
Over-recovered Amortization	(3,465,105)	
Annual Recovery (increases amortization expense annually for five years)		<u>(404,262)</u>

² Source: MECO 2012 Test Year Rate Case, Docket No. 2011-0092, CA-IR-181, Attachment 1, column (E)

³ Note: 2015 is the last year of recovery. Amortization began in August 2010, therefore only 7 months of amortization will be recognized in 2015.

(4) Depreciation & Amortization in Current Revenues⁴:

Total Depreciation	21,347,000
LESS: Vehicle Depreciation (A/C 392)	<u>(414,000)</u>
Net Depreciation in Current Revenues	<u><u>20,933,000</u></u>

⁴ Amounts are per MECO Revised Workpaper MECO-RWP-1401, page 1 dated March 28, 2012 in MECO's 2012 test year rate case (Docket No. 2011-0092).

MAUI ELECTRIC COMPANY, LIMITED
DECOUPLING CALCULATION WORKBOOK
DETERMINATION OF DEPRECIATION & AMORTIZATION RAM ADJUSTMENT

Excess 2015 Depreciation due to GDPPI escalation

	Reference	Maui Electric
1	Depreciation & Amortization in Current Revenues (not including RAM), grossed up for rev tax	Sch E x 1.0975 \$ 22,974,261
2	2015 Depreciation & Amortization RAM, as filed on 3/31/15	Sch E, WP-J-002 \$ 3,394,698
3	Less: Depreciation & Amortization related to CIS Def Cost and CT-1 Reg Asset	WP-J-002 \$ (255,829)
4	2015 Depreciation & Amortization Revenues Adjusted	Lines 1 - 3 \$ 26,113,130
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 \$ 287,244

**MAUI ELECTRIC COMPANY, LIMITED
 DECOUPLING CALCULATION WORKBOOK
 CIS - TAX AMORTIZATION SCHEDULE**

Line No.			Basis			ADIT		
			Book	Fed Tax	State Tax	Fed Book - Tax Diff	State Book - Tax Diff	Federal 0.35
1	CIS Book Basis	186050	7,268,099	7,268,099	7,268,099			
2		18670201	569,000	569,000	569,000			
3		18670202	452,064	452,064	452,064			
4		18670203	32,566	32,566	32,566			
5		18670204	(270,172)	(270,172)	(270,172)			
6	Total Book Basis		8,051,557	8,051,557	8,051,557			
7	AFUDC			(1,084,396)	(1,084,396)			
8	Writedown of CIS Costs		(5,500,000)	(5,500,000)	(5,500,000)			
9			2,551,557	1,467,161	1,467,161			
10	Book Tax Differences			95,239	95,239			
11	Post Go Live carrying charge		56,885					
12	Amortization - 2012		0	(954,800)	(347,200)			
13	Amortization - 2013		(126,798)	(260,400)	(520,800)			
14	Balance as of 12/31/13		2,481,644	347,200	694,400	2,134,444	1,787,244	(709,429) (107,503) (816,933)
15	Amortization - 2014		(217,370)	(260,400)	(520,800)			
16	Balance as of 12/31/14		2,264,274	86,800	173,600	2,177,474	2,090,674	(718,102) (125,755) (843,857)
17	Amortization - 2015		(217,370)	(86,800)	(173,600)			
18	Balance as of 12/31/15		2,046,904	0	0	2,046,904	2,046,904	(673,324) (123,122) (796,446)