

FILED

BEFORE THE PUBLIC UTILITIES COMMISSION

2016 NOV -1 P 4 14

OF THE STATE OF HAWAII

PUBLIC UTILITIES
COMMISSION

In the Matter of the Application of

HAWAIIAN ELECTRIC COMPANY, INC

For approval to modify the RBA Rate Adjustment in
Its Revenue Balancing Account Provision Tariff

Transmittal No 16-01 (Decoupling)

In the Matter of the Application of

HAWAII ELECTRIC LIGHT COMPANY, INC

For approval to modify the RBA Rate Adjustment in
Its Revenue Balancing Account Provision Tariff

Transmittal No 16-02 (Decoupling)

In the Matter of the Application of

MAUI ELECTRIC COMPANY, LIMITED

For approval to modify the RBA Rate Adjustment in
Its Revenue Balancing Account Provision Tariff

Transmittal No 16-03 (Decoupling)

MOTION FOR CALENDAR YEAR ACCRUAL OF RATE ADJUSTMENT MECHANISM

REVENUES

MEMORANDUM IN SUPPORT OF MOTION

ATTACHMENTS A-B

AFFIDAVIT OF TAYNE S Y SEKIMURA

AND

CERTIFICATE OF SERVICE

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HAWAIIAN ELECTRIC COMPANY, INC

MAUI ELECTRIC COMPANY, LIMITED

HAWAII ELECTRIC LIGHT COMPANY, INC

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Transmittal No 16-03 (Decoupling)

**MOTION FOR CALENDAR YEAR ACCRUAL OF RATE ADJUSTMENT
MECHANISM REVENUES**

The Hawaiian Electric Companies¹ respectfully move that the Commission allow Hawaiian Electric to preserve and make permanent the “current accrual method”² of recognizing Rate Adjustment Mechanism (“RAM”) revenues on a calendar year basis, which has been in

¹ The “Hawaiian Electric Companies” or “Companies” are Hawaiian Electric Company, Inc (“Hawaiian Electric” or “Company”), Hawai‘i Electric Light, Inc (“Hawai‘i Electric Light”) and Maui Electric Company, Limited (“Maui Electric”)

² Under the “current accrual method,” the Company recognizes RAM revenues on a calendar-year basis from January 1 through December 31 for the RAM Revenue Adjustment approved for a particular RAM period. The

place for the last three years,³ and to extend the same treatment to Hawai'i Electric Light and Maui Electric beginning in 2017

This motion is made pursuant to Section 6-61-41, Hawaii Administrative Rules, of the Commission's Rules of Practice and Procedure. No hearing is requested on this motion.

Pursuant to the Settlement Agreement, the current accrual method for RAM revenues will end on December 31, 2016, therefore, the Companies respectfully request the Commission to grant the approvals requested herein by **December 31, 2016**, but no later than **January 31, 2017**, to ensure that proper disclosures are reflected in Hawaiian Electric's SEC Form 10-K to be made in February 2017 and to be able to reflect the decision as the Companies close their books for January 2017.

This motion is based on the Memorandum in Support of Motion, and the Affidavit of Tayne S. Y. Sekimura, attached to this Motion.

DATED Honolulu, Hawaii, November 1, 2016

Respectfully submitted,



KEVIN M. KATSURA

Attorney for
HAWAIIAN ELECTRIC COMPANY, INC
MAUI ELECTRIC COMPANY, LIMITED, and
HAWAII ELECTRIC LIGHT COMPANY, INC

Company bills customers for the RAM Revenue Adjustment from June 1 of the RAM period through May 31 of the following year.

³ Pursuant to the Stipulated Settlement Agreement ("Settlement Agreement") in the Hawaiian Electric 2009 test year ("TY") rate case filed on January 28, 2013, effective June 1, 2013, the RAM Provision tariff (for only Hawaiian Electric) was revised to allow for a calendar year method for accruing RAM revenues for the 2014, 2015, and 2016 RAM Periods (i.e., current accrual method). Order No. 31126, issued March 19, 2013 in Docket No. 2008-0083 (Hawaiian Electric 2009 test year rate case), approved the Stipulated Settlement Agreement, subject to certain clarifications.

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MAUI ELECTRIC COMPANY, LIMITED

For approval to modify the RBA Rate Adjustment in
Its Revenue Balancing Account Provision Tariff

Transmittal No 16-03 (Decoupling)

MEMORANDUM IN SUPPORT OF MOTION

By this Motion, the Hawaiian Electric Companies¹ respectfully move that the Commission allow Hawaiian Electric to preserve and make permanent the “current accrual method”² of recognizing RAM revenues on a calendar year basis, which has been in place for

¹ The “Hawaiian Electric Companies” or “Companies” are Hawaiian Electric Company, Inc (“Hawaiian Electric” or “Company”), Hawai‘i Electric Light, Inc (“Hawai‘i Electric Light”) and Maui Electric Company, Limited (“Maui Electric”)

² Under the “current accrual method,” the Company recognizes RAM revenues on a calendar-year basis from January 1 through December 31 for the RAM Revenue Adjustment approved for a particular RAM period. The

the last three years,³ and to extend the same treatment to Hawai'i Electric Light and Maui Electric beginning in 2017

Summary

As discussed below, the Companies believe that this requested relief is reasonable and warranted because

- (1) The current accrual method, which recognizes RAM revenues on a calendar year basis (from January 1 to December 31), is consistent with accrual accounting, a fundamental accounting principle, because it aligns revenues with the costs incurred and benefits provided to customers for the same calendar-year RAM period⁴

Reverting to the lagged method of recognizing RAM revenues, which was in place for Hawaiian Electric prior to 2014 ("prior lagged method"),⁵ misaligns RAM revenues with their associated costs and benefits. This also results in financial under-performance due to a loss of up to five months of RAM revenues in rate case test years. This is contrary to the original intent of the decoupling mechanism and State policy supporting renewable energy investment

Company bills customers for the RAM Revenue Adjustment from June 1 of the RAM period through May 31 of the following year

³ Pursuant to the Stipulated Settlement Agreement ("Settlement Agreement") in the Hawaiian Electric 2009 test year ("TY") rate case filed on January 28, 2013, effective June 1, 2013, the RAM Provision tariff (for only Hawaiian Electric) was revised to allow for a calendar year method for accruing RAM revenues for the 2014, 2015, and 2016 RAM Periods (i.e., current accrual method). Order No. 31126, issued March 19, 2013 in Docket No. 2008-0083 (Hawaiian Electric 2009 test year rate case), approved the Stipulated Settlement Agreement, subject to certain clarifications.

⁴ The Hawaiian Electric Companies' approved RAM tariffs define the "RAM period" as the calendar year containing the Annual Evaluation Date, which is the date that the Companies make their annual decoupling filing (i.e., not later than March 31 of each year).

⁵ Under the prior lagged method, the Company would recognize RAM revenues from June 1 of the RAM period through May 31 of the following year for the RAM Revenue Adjustment approved for a particular RAM period – i.e., lagged by five months. The Company would also bill the RAM Revenue Adjustment to customers over the same June through May period. The prior lagged method presently applies to Hawai'i Electric Light and Maui Electric.

- (2) In 2017, without preservation of the current accrual method, the Company's opportunity to earn a fair return will be significantly impaired due to the structured lag in recognizing RAM revenues. The Company estimates a negative impact to net income of roughly [REDACTED] million and a [REDACTED] basis point negative impact on its return on equity. These negative impacts are roughly [REDACTED] of the Company's net income, which will negatively impact the Company's credit quality.⁶
- (3) Preserving the current accrual method would not impact customers between rate cases because customers would continue to be billed for the RAM Revenue Adjustment on a lagged basis from June 1 of the RAM period through May 31 of the following year.⁷
- ⁸ Conversely, under the prior lagged method when rate cases are filed, the Companies would permanently lose recovery of up to five months of a RAM Revenue Adjustment if and when an interim rate case award is issued. That impairment, would be unfair (because customers would avoid paying for benefits

⁶ The Companies have identified certain financial information as non-public, confidential information. Public disclosure of this information from which income and earnings information could be derived, may trigger requirements under the rules and guidelines of the Securities and Exchange Commission and/or the New York Stock Exchange that information that is meaningful to investors be released to all investors, if the information is disclosed beyond a limited number of "insiders" (including persons required by agreement to maintain the confidentiality of the information and to use it only for proper purposes). Forecasts of earnings, etc., are the types of information that, if selectively released, could violate such requirements. The Companies are providing the confidential information pursuant to Protective Order No. 2016-PO-03.

⁷ By separate letter filing on this date, the Companies also have responded to the Commission's informal information request during the 2016 Decoupling presentation held on April 28, 2016. The Commission requested information on the accounting treatment to transition from the "current accrual method" of recognizing RAM revenues on a calendar year basis back to the "prior lagged method" of recognizing RAM revenues from June 1 to May 31 of the following year. As stated in that letter filing, given that there were no base rate changes in the period 2014-2016, the amounts billed to and paid by customers under the current accrual method were the same as if the prior lagged method had been in place.

⁸ As explained in Attachment B at p. 4, in Docket No. 2008-0274, the Company originally proposed to begin collecting RAM revenues on January 1 of a RAM year, but in the negotiation process agreed with the Consumer Advocate's proposal to begin collecting RAM revenues on May 1 with collections to take place over the remaining eight months of the year so that the calculation of the RAM could take into account actual year-end rate base balances for the prior year. The collection period was extended to 12 months to reduce the potential impact to customers. Then the collection start period was moved to June 1 to permit more review time. However, none of these changes were intended to reduce or eliminate the recovery of RAM revenues in a rate case test year.

received), and would inhibit the Companies' ability to earn its authorized rate of return, which is contrary to the intent of the decoupling mechanism. The prior lagged method would produce this result in every rate case test year.

- (4) Significantly, the preservation/establishment of the current accrual method will make Hawaiian Electric and its subsidiaries more consistent and predictable in terms of earnings potential, and thus, making them more comparable with other electric utilities that are considered for investment by the larger investment community. This is a key reason for the decoupled rate environment which makes Hawaiian Electric and its subsidiaries able to attract needed capital at a reasonable cost for the investments in clean energy.
- (5) Changed circumstances justify preservation of the current accrual method. Since 2011, the calculation of the RAM has become more conservative, while the renewable portfolio standards ("RPS") have become much more ambitious and challenging (e.g., Act 97 which requires an RPS of 100% by the end of 2045). Reverting to the prior lagged method, with the permanent five-months lag in recognizing revenue and the severe adverse financial consequence for 2017 is, in the Companies' view, neither necessary nor reasonable, and would be detrimental to the effort to achieve the new RPS targets. Making the current accrual method permanent and extending that method to the other Hawaiian Electric utilities would acknowledge these changes and be an important step in evolving regulatory mechanisms to support achievement of the new RPS targets, and
- (6) Making the current accrual method permanent would not alter the customer protections already embedded in the decoupling framework.

Discussion

The current accrual method is consistent with accrual accounting, a fundamental accounting principle, and the original intent of decoupling

The current accrual method is consistent with accrual accounting because it matches the revenues associated with the new assets serving customers with the costs of those assets being incurred. When new plant is placed in service, customers receive the benefits of use of the plant through reliable, renewable electric service. The Company incurred costs to place the new plant into service and accruing the revenues to pay for the new plant would match the revenues with the costs and compensate investors for their investment in new plant.

Reverting to the prior lagged method misaligns RAM revenues with their associated costs and benefits. This also results in financial under-performance due to a loss of up to five months of RAM revenues in rate case test years as discussed below. This is contrary to the original intent of decoupling.

One of the premises of the Hawaii Clean Energy Agreement was that the transition to a clean energy future would require significant public and private investment, and would increase the operating risks of the Companies, and that there would be a need for both a stable electric grid to minimize disruption to service quality and reliability, and a financially sound utility.⁹ In the Joint Proposal on Decoupling and Statement of Position of the Hawaiian Electric Companies and Consumer Advocate (March 30, 2009), the Joint Parties stated that

The purpose of the [RAM] is to adjust revenues decoupled from sales to reflect changes in revenue requirements between rate cases, which should help maintain the utility's financial integrity and ability to invest in the infrastructure necessary to meet Hawaii's 40% clean energy objective, while maintaining reliable service to customers.

⁹ Attachment B discusses the background regarding the Hawai'i Clean Energy Agreement and the adoption of decoupling.

Thus, the RAM determines an incremental revenue amount for a specific calendar year or partial year, in the case of a rate case test year) that the Company should be allowed

The determination of the amount of revenues is based on the adjusted revenue requirement for the calendar year. It was intended to reduce the regulatory lag in getting cost recovery of significant investments. During the course of the docket reviewing the design of the decoupling mechanism (Docket No. 2008-0274), there was explicit discussion as to when RAM revenues for a specific year would first be recognized for financial reporting purposes, and the understanding was that an accrual method would be used.¹⁰

The RAM, as implemented by the Commission, provides support for the investments needed to implement the State energy policies. The persistent lag embedded in the June 1 recognition of RAM (rather than January 1) is, however, a shortcoming. Calendar year accrual of the RAM would be more consistent with the intent of reducing the regulatory lag in order to afford the Company an opportunity to earn a fair return on investments being made for the benefit of customers, which is crucial to maintaining a financially sound electric utility.

The Companies have to make significant capital investments and incur significant expenses to modernize their systems to incorporate more clean energy while maintaining the reliability of the electric system. Rather than file more frequent rate cases to timely recover those investments, the RAM provides revenue recovery adjustments in-between rate cases for differences between the amount determined in the last rate case and the current cost of operating the utility.

¹⁰ See Attachment B at 2-3

The calendar year accrual method is also consistent with the sales decoupling component of the Revenue Balancing Account (“RBA”), which utilizes a calendar year accrual method in that it determines a credit or liability that the Company is allowed to collect or is required to refund. In the case of the sales decoupling differential, the differential is determined based on the difference between the revenues actually collected in a calendar year, and the revenues that were targeted for collection for that calendar year.¹¹

In 2017, without preservation of the current accrual method, the Company’s opportunity to earn a fair return will be significantly impaired

Discontinuation of the current accrual method for Hawaiian Electric will have significant negative financial impacts. The prior lagged method significantly reduces the recovery of the RAM adjustment in the test year when a company files for a rate case, or in certain cases, could effectively eliminate the recovery of the RAM adjustment in a test year.

Example:

Assuming

- The Company files a general rate increase application on December 1, 2016
- The rate case is for a 2017 test year
- The Company receives an interim order on November 1, 2017
- 2017 RAM assumed to be \$100 million for illustrative purposes
- 2018 RAM assumed to be \$10 million for illustrative purposes

Under the current accrual method [Case C(2) RAM Revenue Recognition with Settlement and Preservation in Attachment A]

¹¹ The target for each calendar year is determined in the last rate case (with adjustments for revenues collected as a result of the RAM Provision)

- In 2017, the Company would accrue 10 months (January to October) of recovery of the 2017 RAM adjustment (at which time the RAM would terminate and be replaced by the interim rate relief for the remaining two months of the year) ¹²
- In 2018, the Company would accrue 12 months (January to December) of 2018 RAM

If there is no preservation of the calendar year accrual [Case D(2) RAM Revenue Recognition with Settlement (No Preservation) in Attachment A]

- In 2017, the Company would only record five months of the 2017 RAM recovery (June to October, and then be replaced by the interim rate relief for November and December of that year), leaving five months (January to May) permanently unrecovered ¹³
- In 2018, the Company would only record 7 months of the 2018 RAM (June to December)

Illustrative Example Revenue Recognition (\$ in millions)	2017	2018
C(2) RAM Revenue Recognition with Settlement and Preservation	\$88	\$21
D(2) RAM Revenue Recognition with Settlement (No Preservation)	\$59	\$6
Higher revenue recognition with preservation	\$29	\$15

Based on its 2017 budget, Hawaiian Electric estimates that, without preservation of the current accrual method, it could see a negative impact to net income of roughly [REDACTED] and

¹² In other words, the Company would recover 10/12 of the calendar year RAM Revenue Adjustment

¹³ In other words, the Company would recover only 7/12 of the calendar year RAM Revenue Adjustment

a [REDACTED] basis point negative impact on its return on equity. These negative impacts are roughly [REDACTED] of the Company's net income, which will negatively impact credit quality.¹⁴ Such a significant impact could be viewed as complicating the Company's ability to fully recover invested capital, or as indicating reduced regulatory support for recovery of the investment needed to accomplish Hawai'i's clean energy goals. Without preservation of the calendar year accrual, the potential for credit rating downgrade increases. A downgrade could increase the Companies' costs of financing, which would increase the cost to our customers as well as hamper the Companies' ability to raise funds to make investments necessary for the transformation of utility infrastructure to support increasing renewables. The Companies' Standard and Poors' rating is just one notch above investment grade.¹⁵ Following the termination of the NextEra merger agreement, Standard & Poor's indicated the following downside scenario:

We could lower the ratings on HEI and its utility subsidiaries over the next 12 to 24 months if business risk increases either due to regulatory developments that complicate the company's ability to fully recover invested capital or inability to deliver timely and on-budget performance for large projects which would also lead to weaker financial performance with FFO to debt that is consistently below 13%.¹⁶

Preserving the current accrual method would not impact customers between rate cases and will avoid a permanent loss of revenues for the Company relating to costs incurred to benefit customers

¹⁴ See footnote 6 (identifying need for non-disclosure of the same non-public, financial confidential information)

¹⁵ Also of concern is Moody's August 3, 2016 downgrade of Hawaiian Electric to Baa2 from Baa1. Moody's stated "[t]he ratings downgrade is prompted by our concern that HECO [Hawaiian Electric] will continue to face significant challenges from transforming its generation base to 100% renewable sources in an unpredictable and highly political regulatory environment." See Moody's Investor Service, *Moody's downgrades Hawaiian Electric Company to Baa2 from Baa1, Outlook stable*, dated August 3, 2016 provided as HELCO-2116, pages 18-22.

¹⁶ Standard & Poor's RatingsDirect dated July 19, 2016.

Absent a rate case, continuing the current accrual method would have no impact on customers because customers would simply continue to pay for the RAM Revenue Adjustment from June 1 through May 31 of the next year. However, there would be a difference in a rate case test year. Under the current accrual method, the Company would accrue RAM revenues beginning January 1 in the RAM regulatory asset to match the incurrence of costs for the January-December RAM period. The assessment of the RAM Revenue Adjustment to customers is lagged by five months and begins June 1. When the interim rate relief for a rate case goes into effect, the accrual of the RAM Revenue Adjustment terminates, but the Company would be able to recover five months of revenues that have accumulated and still remain in the RAM regulatory asset. The Company believes this is fair because the Company has incurred the costs that underlie the RAM Revenue Adjustment beginning January 1 and should be able to recover the costs it has incurred through the RAM up until the time that the interim rate relief goes into effect.

Without preservation of the current accrual method, the recording of RAM revenues coincides with the assessment of the RAM Revenue Adjustment to customers beginning June 1. Because the recording of RAM revenues is also lagged by five months, there would be no recording of RAM revenues in the RAM regulatory asset for the first five months of the year. When the interim rate relief goes into effect, the recording and assessment of the RAM Revenue Adjustment terminates and the Company will permanently lose recovery of five months of the RAM Revenue Adjustment.

In the rate case test year, without the current accrual method, customers would forever avoid paying for a significant portion (five months) of the new infrastructure serving customers made since the last rate case. Losing five months of revenue that was intended to cover the costs

of assets that are in service and providing benefits to customers is, in the Company's view, neither reasonable nor justified

Significantly, the preservation/establishment of the current accrual method will make Hawaiian Electric and its subsidiaries more consistent and predictable in terms of earnings potential, and thus, making them more comparable with other electric utilities that are considered for investment by the larger investment community.

RAM accrual in the period that costs are incurred will provide investors with greater assurance of a fair return on the investments being made, which will improve investors' consideration of making the necessary investments to transition the Company to meet the State's renewable goals while maintaining system reliability

The recognition of revenue in the period that costs are incurred would improve the Companies' reported financial results and have a positive impact on their credit ratings (As is shown above, discontinuation of calendar year accrual for Hawaiian Electric will have significant negative financial impacts) A utility's ability to earn its authorized returns affects its credit ratings, which serve as a key measurement by which investors in the financial marketplace decide whether and at what price to invest in the Company Excessive regulatory lag is an impediment to a predictable earnings stream and financial health for a utility that leaves the Company in a position of chronic under-recovery and under-earning When a utility is unable to earn its approved returns, investors perceive the utility as having higher business/regulation risk, which places upward pressure on the cost of capital that is recovered from customers through electric rates

When the calendar year accrual of RAM was temporarily implemented at Hawaiian Electric in 2013, Standard & Poor's noted

- The regulatory environment is challenging and has historically been reluctant to provide timely rate relief, but recent implementation of revenue decoupling from sales at all three utilities may reduce regulatory lag and help achieve returns closer to the authorized return on equity (ROE)
- Notably, RAM adjustments will now start in January rather than June of each year, reducing regulatory lag and somewhat improving earned returns on equity ¹⁷

The calendar year accrual clearly is viewed favorably by the investor community and therefore supportive of the Companies' need to raise funds from investors

Changed circumstances justify preservation of the current accrual method

The 2013 Settlement Agreement assumed there would be a 2014 test year rate case, so that base rates would reflect 2014 rate base, depreciation and O&M expense amounts, and the RAM would reflect adjustments for 2015 and 2016, the RAM would continue unchanged through calendar year 2016, and the 2017 test year rate case would not be delayed, such that it would be filed close to July 1, 2016. As supported by the Hawaii Clean Energy Agreement, Act 155 (2009) increased the RPS requirement for 2020 to 25%, added a 40% requirement for 2030, and required these standards to be met only by renewable generation

Instead, base rates were not changed as a result of the 2014 abbreviated rate case, the Commission implemented an interim reduction in the rate base RAM, effective March 30, 2014,¹⁸ and capped the RAM in March 2015 (based in large measure on the Consumer Advocate's proposal in Schedule B of the decoupling reexamination),¹⁹ there have been delays in allowing for recovery of costs above the RAM Cap, which would mitigate the impact of the

¹⁷ Standard & Poor's Rating Direct Summary Hawaiian Electric Co. Inc. dated May 21, 2013

¹⁸ Decision and Order No. 31908 issued February 7, 2014

¹⁹ Order No. 32735, issued March 31, 2015

RAM Cap,²⁰ and the 2017 rate case filing was delayed pending completion of the review of the NextEra Energy/HEI merger proposal. In addition, Act 97 (2015) has increased the RPS requirement for 2020 to 30%, added a 70% RPS requirement for 2040, and a 100% RPS requirement for 2045.²¹

In summary, the RAM has become more conservative, while the renewable portfolio standards have become much more ambitious and challenging. In light of the changed circumstances, requiring Hawaiian Electric to revert to the accounting method for RAM revenues adopted in 2011, with the permanent five-month lag in recognizing revenue and the severe adverse financial consequence for 2017, is, in the Company's view, neither necessary nor reasonable, and would be detrimental to the effort to achieve the new renewable portfolio standards. Rather, in light of the changed circumstances, the Company submits that it is appropriate to continue the current accrual method for Hawaiian Electric.

Making the current accrual method permanent would not alter the customer protections already embedded in the decoupling framework.

Even if the Commission approves making permanent the current accrual method of RAM revenues for the Hawaiian Electric Companies, customers are still protected by the conservative design of the RAM and other checks and balances that are part of the RAM, such as the following:

²⁰ Regarding the RAM cap, Order No. 32735 stated (at 81): "As discussed throughout this Order, one major purpose for this amendment is to limit the amount of unapproved capital project net plant additions that can automatically be incorporated into effective rates through the RAM. The HECO Companies may still recover certain revenue requirements above what is allowed for automatic revenue adjustment for additional capital projects through the RAM, REIP, or other mechanisms, by obtaining prior approval from the Commission on a case-by-case basis."

²¹ The Company certainly acknowledges that the abbreviated nature of the 2014 test year rate case and the timing within 2016 of the filing of its 2017 test year rate case were under its control.

- Customers can get a refund through the Earnings Sharing Mechanism if any of the Companies earns more than its Commission approved return
 - If the company does not earn at the level that the Commission has approved, it cannot raise its rates to get to that level
 - There is also a special refund provision applicable if the RAM revenue accrued (prior to the interim increase) exceeds what the company would have collected under the new base rates ultimately set in the rate case had been in effect for that period
- The Hawaiian Electric Companies are each required to file a rate case every three (3) years, allowing the Commission to review each company's cost of service and reset the baseline for determining the RAM and the amount of revenues that flow into the RBA And,
- Annually on March 31, each company is required to file a request for its proposed RAM revenues Proposed RAM revenues are reviewed by the Commission and Consumer Advocate before the RAM is allowed to be effective on June 1

Calendar Year Accrual Should Be Extended to Hawai'i Electric Light and Maui Electric

Hawai'i Electric Light and Maui Electric face the same State policy implementation and capital investment funding challenges that Hawaiian Electric faces It makes sense to have the three utilities have similar accrual methods Therefore, the Companies request that calendar year accrual be applied to all three Companies on a permanent basis effective January 1, 2017

Conclusion

Based on the foregoing, the Companies respectfully request that the Commission grant this Motion and allow Hawaiian Electric to preserve and make permanent the current accrual method of recognizing RAM revenues on a calendar year basis and to extend the same treatment to Hawai'i Electric Light and Maui Electric beginning in 2017

DATED Honolulu, Hawaii, November 1, 2016

Respectfully submitted,



KEVIN M KATSURA

Attorney for
HAWAIIAN ELECTRIC COMPANY, INC ,
MAUI ELECTRIC COMPANY, LIMITED, and
HAWAII ELECTRIC LIGHT COMPANY, INC

Attachment A
(\$ in millions)

	A(1)	B(1)	C(1)	D(1)
Customer RAM Payments	RAM Collected in RAM Period	RAM Collections without Settlement	RAM Collections with Settlement and Preservation	RAM Collections with Settlement (No Preservation)
2011	15	9	9	9
2012	22	19	19	19
2013	39	32	32	32
2014	69	57	57	57
2015	77	74	74	74
2016	88	85	85	85
2017 Illustration	83	79	90	79
2018 Illustration	10	6	34	6
2019 Illustration	14	7	7	7
	419	367	407	367

	A(2)	B(2)	C(2)	D(2)
RAM Accruals for Financial Statements	RAM Revenue Recognition in RAM Period	RAM Revenue Recognition without Settlement	RAM Revenue Recognition with Settlement and Preservation	RAM Revenue Recognition with Settlement (No Preservation)
2011	15	9	9	9
2012	22	19	19	19
2013	39	32	32	32
2014	69	57	69	69
2015	77	74	77	77
2016	88	85	88	88
2017 Illustration	83	79	88	59
2018 Illustration	10	6	21	6
2019 Illustration	14	7	14	7
	419	367	419	367

Case A RAM collection and accrual in the RAM period (calendar year Jan-Dec)

Case B RAM collection and accrual without Settlement (i.e. June 1 - May 31)

Case C RAM collection and accrual with Settlement and Preservation
Beginning 2014, RAM for RAM period = accrual for calendar year
RAM Regulatory Asset amortized and collected upon change in base rates incorporating the RAM
RAM Regulatory Asset collection between date of change in rates to June 1 of following year

Case D RAM collection and accrual based on Settlement (no Preservation)
Beginning 2014 and ending 2016, RAM for RAM period = accrual for calendar year
RAM Regulatory Asset amortized monthly January - May 2017

Attachment A - Overview of RAM Collections and Revenue Recognition
(\$ in millions)

A(1) RAM Collected in RAM Period (Jan-Dec)										
	2011 RAM (Actual)	2012 RAM (Actual)	2013 RAM (Actual)	2014 RAM (Actual)	2015 RAM (Actual)	2016 RAM (Actual*)	2017 RAM (**)	2018 RAM (**)	2019 RAM (**)	Calendar Year Total
Assumed for Illustration						88.4	100	10	30	
2011 Jan-May	9.1									15.0
2011 June-Dec	5.9									
2012 Jan-May		13.5								22.4
2012 June-Dec		8.9								
2013 Jan-May			23.2							38.5
2013 June-Dec			15.3							
2014 Jan-May				41.7						69.3
2014 June-Dec				27.5						
2015 Jan-May					46.0					77.4
2015 June-Dec					31.4					
2016 Jan-May						53.3				88.4
2016 June-Dec						35.1				
2017 Jan							8.1			
2017 Feb							7.3			
2017 Mar							8.1			
2017 Apr							7.8			
2017 May							8.4			
2017 June							8.5			
2017 July							8.8			83.5
2017 Aug							9.0			
2017 Sept							8.7			
2017 Oct							8.8			
2017 Nov ***							-			
2017 Dec							-			
2018 Jan								0.8		
2018 Feb								0.7		
2018 Mar								0.8		
2018 Apr								0.8		
2018 May								0.8		
2018 June								0.8		
2018 July								0.9		10.0
2018 Aug								0.9		
2018 Sept								0.9		
2018 Oct								0.9		
2018 Nov								0.8		
2018 Dec								0.8		
2019 Jan									2.4	
2019 Feb									2.2	
2019 Mar									2.4	
2019 Apr									2.4	14.5
2019 May									2.5	
2019 June									2.5	
	15.0	22.4	38.5	69.3	77.4	88.4	83.5	10.0	14.5	418.9

A(2) RAM Revenue Recognition in RAM Period (Jan-Dec)

	2011 RAM (Actual)	2012 RAM (Actual)	2013 RAM (Actual)	2014 RAM (Actual)	2015 RAM (Actual)	2016 RAM (Actual*)	2017 RAM (**)	2018 RAM (**)	2019 RAM (**)	Calendar Year Total
2011 Jan-May	9 1									15 0
2011 June-Dec	5 9									
2012 Jan-May		13 5								22 4
2012 June-Dec		8 9								
2013 Jan-May			23 2							38 5
2013 June-Dec			15 3							
2014 Jan-May				27 5						69 3
2014 June-Dec				41 7						
2015 Jan-May					31 4					77 4
2015 June-Dec					46 0					
2016 Jan-May						35 1				88 4
2016 June-Dec						53 3				
2017 Jan							8 1			
2017 Feb							7 3			
2017 Mar							8 1			
2017 Apr							7 8			
2017 May							8 4			
2017 June							8 5			
2017 July							8 8			83 5
2017 Aug							9 0			
2017 Sept							8 7			
2017 Oct							8 8			
2017 Nov ***							-			
2017 Dec							-			
2018 Jan								0 8		
2018 Feb								0 7		
2018 Mar								0 8		
2018 Apr								0 8		
2018 May								0 8		
2018 June								0 8		
2018 July								0 9		10 0
2018 Aug								0 9		
2018 Sept								0 9		
2018 Oct								0 9		
2018 Nov								0 8		
2018 Dec								0 8		
2019 Jan									2 4	
2019 Feb									2 2	
2019 Mar									2 4	14 5
2019 Apr									2 4	
2019 May									2 5	
2019 June									2 5	
	15 0	22 4	38 5	69 3	77 4	88 4	83 5	10 0	14 5	418 9

* The 2016 RAM schedule above assumes that there is no rate case rate order prior to June 2017, which is likely based on the current HE rate case plans

** 2017-2019 RAM amounts are for illustration purposes only

*** Assume interim D&O in November 2017 incorporating RAM in base rates

B(1) RAM Collections from Customers without Settlement

	2011 RAM (Actual)	2012 RAM (Actual)	2013 RAM (Actual)	2014 RAM (Actual)	2015 RAM (Actual)	2016 RAM (Actual*)	2017 RAM (**)	2018 RAM (**)	2019 RAM (**)	Calendar Year Total
Assumed for Illust						88 4	100	10	30	
2011 Jan-May										9 1
2011 June-Dec	9 1									
2012 Jan-May	5 9									19 5
2012 June-Dec		13 5								
2013 Jan-May		8 9								32 2
2013 June-Dec			23 2							
2014 Jan-May			15 3							57 0
2014 June-Dec				41 7						
2015 Jan-May				27 5						73 5
2015 June-Dec					46 0					
2016 Jan-May					31 4					84 6
2016 June-Dec						53 3				
2017 Jan						7 2				
2017 Feb						6 4				
2017 Mar						7 2				
2017 Apr						6 9				
2017 May						7 5				
2017 June							8 5			78 9
2017 July							8 8			
2017 Aug							9 0			
2017 Sept							8 7			
2017 Oct							8 8			
2017 Nov ***							-			
2017 Dec							-			
2018 Jan								-		
2018 Feb								-		
2018 Mar								-		
2018 Apr								-		
2018 May								-		
2018 June								0 8		6 0
2018 July								0 9		
2018 Aug								0 9		
2018 Sept								0 9		
2018 Oct								0 9		
2018 Nov								0 8		
2018 Dec								0 8		
2019 Jan								0 8		
2019 Feb								0 7		
2019 Mar								0 8		6 5
2019 Apr								0 8		
2019 May								0 8		
2019 June									2 5	
	15 0	22 4	38 5	69 3	77 4	88 4	43 7	10 0	2 5	367 3

B(2) RAM Revenue Recognition without Settlement

	2011 RAM (Actual)	2012 RAM (Actual)	2013 RAM (Actual)	2014 RAM (Actual)	2015 RAM (Actual)	2016 RAM (Actual*)	2017 RAM (**)	2018 RAM (**)	2019 RAM (**)	Calendar Year Total
2011 Jan-May										9 1
2011 June-Dec	9 1									
2012 Jan-May	5 9									19 5
2012 June-Dec		13 5								
2013 Jan-May		8 9								32 2
2013 June-Dec			23 2							
2014 Jan-May			15 3							57 0
2014 June-Dec				41 7						
2015 Jan-May				27 5						73 5
2015 June-Dec					46 0					
2016 Jan-May					31 4					84 6
2016 June-Dec						53 3				
2017 Jan						7 2				
2017 Feb						6 4				
2017 Mar						7 2				
2017 Apr						6 9				
2017 May						7 5				
2017 June							8 5			78 9
2017 July							8 8			
2017 Aug							9 0			
2017 Sept							8 7			
2017 Oct							8 8			
2017 Nov ***							-			
2017 Dec							-			
2018 Jan								-		
2018 Feb								-		
2018 Mar								-		
2018 Apr								-		
2018 May								-		
2018 June								0 8		6 0
2018 July								0 9		
2018 Aug								0 9		
2018 Sept								0 9		
2018 Oct								0 9		
2018 Nov								0 8		
2018 Dec								0 8		
2019 Jan								0 8		
2019 Feb								0 7		
2019 Mar								0 8		6 5
2019 Apr								0 8		
2019 May								0 8		
2019 June									2 5	
	15 0	22 4	38 5	69 3	77 4	88 4	43 7	10 0	2 5	367 3

C(1) RAM Collections from Customers with Settlement and Preservation

	2011 RAM (Actual)	2012 RAM (Actual)	2013 RAM (Actual)	2014 RAM (Actual)	2015 RAM (Actual)	2016 RAM (Actual*)	2017 RAM (**)	2018 RAM (**)	2019 RAM (**)	Calendar Year Total
Assumed for Illust						88 4	100	10	30	
2011 Jan-May										9 1
2011 June-Dec	9 1									
2012 Jan-May	5 9									19 5
2012 June-Dec		13 5								
2013 Jan-May		8 9								32 2
2013 June-Dec			23 2							
2014 Jan-May			15 3							57 0
2014 June-Dec				41 7						
2015 Jan-May				27 5						73 5
2015 June-Dec					46 0					
2016 Jan-May					31 4					84 6
2016 June-Dec						53 3				
2017 Jan						7 2				
2017 Feb						6 4				
2017 Mar						7 2				
2017 Apr						6 9				
2017 May						7 5				
2017 June							8 5			90 2
2017 July							8 8			
2017 Aug							9 0			
2017 Sept							8 7			
2017 Oct							8 8			
2017 Nov ***							5 7			
2017 Dec							5 7			
2018 Jan							5 7	-		
2018 Feb							5 7	-		
2018 Mar							5 7	-		
2018 Apr							5 7	-		
2018 May							5 7	-		
2018 June								0 8		34 4
2018 July								0 9		
2018 Aug								0 9		
2018 Sept								0 9		
2018 Oct								0 9		
2018 Nov								0 8		
2018 Dec								0 8		
2019 Jan								0 8		
2019 Feb								0 7		
2019 Mar								0 8		6 5
2019 Apr								0 8		
2019 May								0 8		
2019 June									2 5	
	15 0	22 4	38 5	69 3	77 4	88 4	83 5	10 0	2 5	407 0

C(2) RAM Revenue Recognition with Settlement and Preservation

	2011 RAM (Actual)	2012 RAM (Actual)	2013 RAM (Actual)	2014 RAM (Actual)	2015 RAM (Actual)	2016 RAM (Actual*)	2017 RAM (**)	2018 RAM (**)	2019 RAM (**)	Calendar Year Total
2011 Jan-May										9 1
2011 June-Dec	9 1									
2012 Jan-May	5 9									19 5
2012 June-Dec		13 5								
2013 Jan-May		8 9								32 2
2013 June-Dec			23 2							
2014 Jan-May				27 5						69 3
2014 June-Dec				41 7						
2015 Jan-May					31 4					77 4
2015 June-Dec					46 0					
2016 Jan-May						35 1				88 4
2016 June-Dec						53 3				
2017 Jan							8 1			
2017 Feb							7 3			
2017 Mar							8 1			
2017 Apr							7 8			
2017 May							8 4			
2017 June							8 5			87 8
2017 July							8 8			
2017 Aug							9 0			
2017 Sept							8 7			
2017 Oct							8 8			
2017 Nov ***			2 2				-			
2017 Dec			2 2				-			
2018 Jan			2 2					0 8		
2018 Feb			2 2					0 7		
2018 Mar			2 2					0 8		
2018 Apr			2 2					0 8		
2018 May			2 2					0 8		
2018 June								0 8		20 9
2018 July								0 9		
2018 Aug								0 9		
2018 Sept								0 9		
2018 Oct								0 9		
2018 Nov								0 8		
2018 Dec								0 8		
2019 Jan									2 4	
2019 Feb									2 2	
2019 Mar									2 4	14 5
2019 Apr									2 4	
2019 May									2 5	
2019 June									2 5	
	15 0	22 4	38 5	69 3	77 4	88 4	83 5	10 0	14 5	418 9

D(1) RAM Collections from Customers with Settlement (No Preserivation)

	2011 RAM (Actual)	2012 RAM (Actual)	2013 RAM (Actual)	2014 RAM (Actual)	2015 RAM (Actual)	2016 RAM (Actual*)	2017 RAM (**)	2018 RAM (**)	2019 RAM (**)	Calendar Year Total
Assumed for Illust						88 4	100	10	30	
2011 Jan-May										9 1
2011 June-Dec	9 1									
2012 Jan-May	5 9									19 5
2012 June-Dec		13 5								
2013 Jan-May		8 9								32 2
2013 June-Dec			23 2							
2014 Jan-May			15 3							57 0
2014 June-Dec				41 7						
2015 Jan-May				27 5						73 5
2015 June-Dec					46 0					
2016 Jan-May					31 4					84 6
2016 June-Dec						53 3				
2017 Jan						7 2				
2017 Feb						6 4				
2017 Mar						7 2				
2017 Apr						6 9				
2017 May						7 5				
2017 June							8 5			78 9
2017 July							8 8			
2017 Aug							9 0			
2017 Sept							8 7			
2017 Oct							8 8			
2017 Nov ***							-			
2017 Dec							-			
2018 Jan								-		
2018 Feb								-		
2018 Mar								-		
2018 Apr								-		
2018 May								-		
2018 June								0 8		6 0
2018 July								0 9		
2018 Aug								0 9		
2018 Sept								0 9		
2018 Oct								0 9		
2018 Nov								0 8		
2018 Dec								0 8		
2019 Jan								0 8		
2019 Feb								0 7		
2019 Mar								0 8		6 5
2019 Apr								0 8		
2019 May								0 8		
2019 June									2 5	
	15 0	22 4	38 5	69 3	77 4	88 4	43 7	10 0	2 5	367 3

D(2) RAM Revenue Recognition with Settlement (No Preservation)

	2011 RAM (Actual)	2012 RAM (Actual)	2013 RAM (Actual)	2014 RAM (Actual)	2015 RAM (Actual)	2016 RAM (Actual*)	2017 RAM (**)	2018 RAM (**)	2019 RAM (**)	Calendar Year Total
2011 Jan-May										9 1
2011 June-Dec	9 1									
2012 Jan-May	5 9									19 5
2012 June-Dec		13 5								
2013 Jan-May		8 9								32 2
2013 June-Dec			23 2							
2014 Jan-May				27 5						69 3
2014 June-Dec				41 7						
2015 Jan-May					31 4					77 4
2015 June-Dec					46 0					
2016 Jan-May						35 1				88 4
2016 June-Dec						53 3				
2017 Jan			3 1				-			
2017 Feb			2 8				-			
2017 Mar			3 1				-			
2017 Apr			3 0				-			
2017 May			3 2				-			
2017 June							8 5			59 0
2017 July							8 8			
2017 Aug							9 0			
2017 Sept							8 7			
2017 Oct							8 8			
2017 Nov ***							-			
2017 Dec							-			
2018 Jan								-		
2018 Feb								-		
2018 Mar								-		
2018 Apr								-		
2018 May								-		
2018 June								0 8		6 0
2018 July								0 9		
2018 Aug								0 9		
2018 Sept								0 9		
2018 Oct								0 9		
2018 Nov								0 8		
2018 Dec								0 8		
2019 Jan								0 8		
2019 Feb								0 7		
2019 Mar								0 8		6 5
2019 Apr								0 8		
2019 May								0 8		
2019 June									2 5	
	15 0	22 4	38 5	69 3	77 4	88 4	43 7	10 0	2 5	367 3

Monthly Factors (Assumed for Illustration)

Jan	8 10%
Feb	7 26%
Mar	8 10%
Apr	7 84%
May	8 44%
Jun	8 47%
Jul	8 77%
Aug	9 04%
Sep	8 68%
Oct	8 78%
Nov	8 26%
Dec	8 26%
	<u>100 00%</u>

BACKGROUND

Accounting Method for the RAM Revenue Adjustment

During the course of the decoupling investigation in Docket No. 2008-0274, it was determined that the RAM target revenues would be adjusted from the test year level based on changes in costs (estimated on a conservative basis) in a subsequent calendar year (or "RAM Period"). The RAM Adjustment (the difference between the test year revenue requirement for the relevant costs and the RAM period adjusted revenue requirement) was to be filed, reviewed and then collected.

The Company's position, which was presented when decoupling was considered and approved for use in Hawaii, is that the RAM should determine an incremental revenue amount for a specific calendar year (or partial year, in the case of a rate case test year) that the Company is allowed to collect. In the case of the RAM provision, the determination of the amount of revenues to be collected is based on the adjusted revenue requirement for the current calendar year. Collection of the annual RAM amount does not begin until June 1st of the current year. However, recognition of the receipt of revenue accrues from the beginning of the calendar year. This method of accounting for the RAM Adjustment is referred to as the "current accrual method," since it is consistent with the accrual method of accounting generally used by utilities.

The Consumer Advocate's position, which was not articulated until the RAM was first being implemented in 2011, was that the RAM merely sets a new rate. Recognition of the receipt of revenue does not occur until the new RAM tariff for the calendar year actually becomes effective (on or after June 1). Whether or not the Company recovers the intended revenue adjustment depends on whether or not the interim rate order in a test year, or other order, stops the application of the RAM "rate."

This method of accounting for RAM Adjustment Revenues, referred to as the "prior lagged method," was directed by the Commission in its review in its review of Transmittal No. 11-02 when the RAM was implemented for Hawaiian Electric in 2011.

Adoption of Decoupling in Hawaii

Citing the Energy Agreement,¹ on October 24, 2008, the Commission initiated Docket No. 2008-0274 to investigate and examine implementing a decoupling mechanism for the Hawaiian Electric Companies that would modify the traditional model of ratemaking for the Companies by separating the Companies' revenues and profits from electricity sales. The order

¹ On October 20, 2008, the Governor of the State of Hawaii, the State of Department of Business, Economic Development and Tourism, the State of Hawaii Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs ("Consumer Advocate"), and the HECO Companies entered into a comprehensive agreement [the "Energy Agreement"] designed to move the State away from its dependence on imported fossil fuels for electricity and ground transportation, and toward "indigenously produced renewable energy and an ethic of energy efficiency." See *Order Initiating Investigation*, issued October 24, 2008 in Docket No. 2008-0274 ("*Order Initiating Investigation*"), pages 1-2 (footnotes omitted).

provided for the submission of a joint proposal by the Companies and the Consumer Advocate that should address all of the factors identified in the Energy Agreement²

In Section 28 of the Energy Agreement, the parties agreed that “[t]he transition to Hawaii’s clean energy future can be facilitated by modifying utility ratemaking with a decoupling mechanism that fits the unique characteristics of Hawaii’s service territory and cost structure, and removes the barriers for the utilities to pursue aggressive demand-response and load management programs, and customer-owned or third-party-owned renewable energy systems, and gives the utilities an opportunity to achieve fair rates of return.” The parties also agreed that it would be appropriate to adopt a decoupling mechanism that closely tracks the mechanisms in place for several California electric utilities, and identified factors that should be incorporated in a Hawaii decoupling mechanism³

After the parties were identified in December 2008, the Commission conducted an extensive proceeding (Docket No. 2008-0274) over the next 10 months. In February 2010, the Commission approved the Joint Decoupling Proposal submitted by the Companies and the Consumer Advocate,⁴ subject to the Commission’s issuance of a Final Decision and Order

The Commission issued its Final Decoupling Decision (“Final Decoupling D&O”) on August 31, 2010. The Commission again approved the Joint Decoupling Proposal, subject to certain modifications identified in the Final Decoupling D&O.

Consideration of the Accounting Method for the RAM Revenue Adjustment in Docket No. 2008-0274

a. During the course of Docket No. 2008-0274, there was an explicit discussion as to when RAM revenues for a specific year would first be recognized for financial reporting purposes, and the understanding was that the current accrual method would be used.

The discussion centered on when RAM revenues for a specific year would first be recognized for financial reporting purposes – when the RAM adjustment filing was made on March 31st (so the revenues would be included in first quarter revenues), or when RAM collection for a specific year began (which would be June 1st if the RAM adjustment was not suspended, or later if it was). There was no issue regarding the understanding that the revenues would accrue back to the beginning of the year once the revenues were recognized.⁵

² *Order Initiating Investigation*, page 9 (ordering paragraph 2)

³ *See Order Initiating Investigation*, pages 2-4

⁴ The Commission approved “the Joint Final Statement of Position of the HECO Companies and Consumer Advocate, filed on May 11, 2009, as amended by filings on June 25, 2009 and July 13, 2009, and as subsequently modified by the proposals in the HECO Companies’ Motion for Interim Approval of a Decoupling Mechanism, filed on November 25, 2009, to the extent agreed-upon by the HECO Companies and the Consumer Advocate.” *Final Decoupling Decision*, pages 1-2

⁵ See Transcript of Decoupling Hearings, Vol. III (July 1, 2009), pages 508-514 (included as Exhibit 2 to this supplement), see also Response to Question 5, Questions from Panel Hearings Held on June 29 to July 1, 2009, filed July 13, 2009, pages 9-10 (included as Exhibit 3 to this supplement)

No party, including the Consumer Advocate, suggested during the course of the proceeding that the RAM merely sets a new rate, rather than a means to recover a certain level of revenue. Moreover, the illustrations of how the proposed RAM would work were also based on the current accrual method.

During the Decoupling Docket panel hearings held on July 1, 2009, when questioned by the Commission's consultant on what the policy implications were regarding Haiku Design and Analysis' questions about the recording of the RAM accrual on the Company's books, Haiku Design and Analysis stated that, "The importance of this is really ascertaining, if you will, the various benefits to be derived by the utility versus the customer interest here, and what some of the parties have suggested that there's a significant imbalance between what the customers could derive here versus what the utility could derive and trying to ascertain what benefits the utility would receive, it's very important to understand whether the – if there's regulatory lag, if you will, built in within the RAM or not. So that was the reason for this line of questioning."⁶ In the same Decoupling Docket panel hearing held on July 1, 2009, when questioned by Haiku Design & Analysis on whether the Company would reflect the RAM as if it occurred in the calendar year, the Company responded, that "The answer is, on a cash basis, we can only recover it beginning June 1. For reporting on an accounting basis for the year, once the Commission approves that on June 1, we're able to report that revenue for that calendar year. The entirety of that RAM adjustment in that year."⁷ This answer was repeated in the Companies' Letter filed July 13, 2009, in response to the Commission's request for written clarification of the Companies' positions and testimony made during the hearings. As part of its response to question 5, the Companies stated that "there would be a lag in the revenues for the first five months of the year, at which time we would accrue the revenues to 'catch-up' to the target revenues allocated through May. Thereafter, revenues would accrue based on the target revenues based on the monthly allocation factors."⁸

Other parties in the Decoupling Docket understood that the RAM established a level of revenues for the calendar year and its importance in terms of how the RAM addressed regulatory lag. In its Opening and Reply Briefs in the same proceeding, Haiku Design and Analysis pointedly describes that its proposal be approved for a one year RAM pilot " (accrual period of calendar year 2010) "⁹ and further explains, "In accordance with the proposed RAM protocols (as specified in either the HECO and Consumer Advocate Joint Statement of Position (JSOP) or HECO's modified quarterly implementation proposal in HECO's Opening Brief), RAM revenues accruing in calendar year 2010 would result in 'lagged' collections from HECO's customers via the RAM surcharge which would continue through the second quarter of 2011."¹⁰

⁶ See Transcript of Decoupling Hearings Vol. III (July 1, 2009), pages 513-514, Docket No. 2008-0274.

⁷ See Transcript of Decoupling Hearings Vol. III (July 1, 2009), page 512, Docket No. 2008-0274.

⁸ See pages 9-10.

⁹ Haiku Design and Analysis Opening Brief, page 37, filed September 7, 2009, Docket No. 2008-0274. Haiku Design and Analysis Reply Brief, page 2, filed September 28, 2009, Docket No. 2008-0274.

¹⁰ Haiku Design and Analysis Reply Brief, page 2, footnote 1, filed September 28, 2009, Docket No. 2008-0274.

b. During the negotiations between the Companies and the Consumer Advocate of their joint decoupling proposal, the Companies agreed to several changes intended to simplify the administration of annual decoupling changes between rate cases. None of these changes were intended to somehow reduce or eliminate the recovery of RAM revenues in a rate case test year – which is what the prior lagged method does.

During the negotiations between the Companies and the Consumer Advocate of their joint decoupling proposal, the Companies agreed to several changes intended to simplify the administration of annual decoupling changes between rate cases

In particular, the period over which the annual RAM revenues (in a non-test year) or the pre-interim RAM revenues (in a rate case test year) would be collected changed during the development of the decoupling provision for various reasons. For example, the Company proposed to begin collecting RAM revenues on January 1st of a RAM year. The Company agreed to the Consumer Advocate's proposal to begin collecting RAM revenues on May 1st of a RAM year (with the collections to take place over 8 months) so that the calculation of the RAM could take into account actual year-end rate base balances for the prior year. The collection period was extended to 12 months (reducing the amount collected each month) to reduce the potential impact on customers. The collection start period was moved to June 1st to permit more review time.

None of these changes were intended to somehow reduce or eliminate the recovery of RAM revenues in a rate case test year – which is what the prior lagged method does.

c. The adoption of the prior lagged method during the implementation phase also effectively nullified an important concession made by the Consumer Advocate during the negotiation of the joint proposal.

In negotiating the Joint Proposal, the Consumer Advocate agreed to the Company's proposal to have both a RAM and an interim rate increase in a rate case test year. The Consumer Advocate cannot now argue that that should not be the case. In effect, it is seeking to nullify its agreement to include both.

If a RAM year is also a test year, the Consumer Advocate initially proposed to have a RAM adjustment, but not an interim rate increase in the rate case.¹¹ The Companies' position was that "The Companies should still be able to file and implement the RAM for a test year, given the regulatory lag that is inherent in the rate case process."¹² The resolution was that the RAM would be allowed in a rate case test year, along with the interim increase, with "any RAM increase in Base Authorized Revenues in the test year deemed interim and subject to refund if the Commission ultimately orders lower Base Authorized Revenues for that test year."¹³ The Joint FSOP explicitly states "Since estimated O&M, depreciation, amortization and tax expenses, as

¹¹ See Division of Consumer Advocacy's HECO/MECO/HELCO Rate Adjustment Mechanism "RAM" Conceptual Framework Proposal (filed January 30, 2009) at 10.

¹² See Section V F, Exhibit C to Joint FSOP at 9.

¹³ See Section V F, Exhibit C to Joint FSOP at 9.

well as the return on investment on projected rate base continues to increase even as the Commission considers on-going rate proceedings, an annual filing under the RAM Provision is expected to be filed during the test year.¹⁴ Note that the specific reason for having a RAM in a test year was to help address regulatory lag

In addition, as reflected in Exhibit C, Item A, filed with the Letter dated June 25, 2009, Subject Revised and New Exhibits for the Joint SOP, Docket No 2008-0274, the Hawaiian Electric Companies accepted a delayed filing date as proposed in the Consumer Advocate's January 30, 2009 Proposal. The Consumer Advocate's proposal stated "A HECO RAM shall be implemented to commence with a 'base' year 2009 and with authorized revenue changes effective on January 1, 2010 and again at January 1, 2011, but with the corresponding rate adjustments delayed to May 1 of each year so that the established revenue variance will be recovered over the subsequent eight months of the year

The Joint FSOP at 23, filed May 11, 2009, further explains that "The RAM Revenue Adjustment in the test year for HECO would be designated interim and subject to refund in the event the Commission finds a lower authorized base revenue amount to be reasonable for the 2011 test year. In addition, HECO will make tariff filings when necessary during the year to reset target revenues and to re-set RBA rate adjustments for re-calculated RAM Revenue Adjustments based on issuance of interim or final decision and orders in pending rate cases." This indicates that it was contemplated that there would be a recalculation and not a termination of the RAM Revenue adjustment with an interim or final decision. The procedure for implementing the recalculation and resetting of target revenues is provided by the Company in Attachment 5 to Transmittal No 11-02

The RAM covers the period prior to the effective date of an interim order in a rate case test year. Under the current accrual method, the Company only recovers the RAM Revenues applicable to the period prior to the effective date of the interim order. The interim order covers the period after to the effective date of an interim order in a rate case test year

Implementation of Decoupling in Hawai'i

The Final Decoupling D&O did not authorize the Companies to immediately implement decoupling. Instead the D&O stated that the "Companies shall implement decoupling, and commence tracking target revenues and recorded adjusted revenues when rates that reflect a reduced ROR due to decoupling are approved by the commission in either an interim or final decision and order in the HECO Companies' pending rate cases."¹⁵

As a practical matter, this requirement delayed the implementation of decoupling (1) for Hawaiian Electric until the final D&O was issued in its 2009 test year rate case on December 29, 2010,¹⁶ (2) for Maui Electric. until the final D&O was issued in its 2010 test year

¹⁴ Joint FSOP at 13

¹⁵ *Final Decoupling D&O*, page 129 (ordering paragraph 1)

¹⁶ Final Decision and Order, issued December 29, 2010, in Docket No 2008-0083, pages 42, 95 (paragraph 5), 98 (ordering paragraph 3)

rate case on May 2, 2012,¹⁷ and (3) for Hawaiian Electric Light, until the final D&O was issued in its 2010 test year rate case on February 8, 2012.¹⁸

Consideration of the Accounting Method for the RAM Revenue Adjustment in Transmittal No. 11-02

On March 31, 2011, following the effective date of the new rates approved in Hawaiian Electric's 2009 test year rate case, Hawaiian Electric filed Transmittal No. 11-02, in which it submitted its adjustments to its decoupling tariff and requested that the Commission allow Hawaiian Electric's initial RBA rate adjustment to become effective June 1, 2011. The filing included Attachment 5, which provided an explanation of how Hawaiian Electric proposed to revise the RAM to allow for the accrual and recovery of RAM revenues for months prior to the effective date of revisions to the RBA tariff. At that time, the Consumer Advocate raised an issue with respect to the accrual of RAM revenues prior to the interim decision and order. The parties agreed to address the issue through written comments filed April 21, 2011, and written replies filed April 29, 2011. Although the Commission permitted Hawaiian Electric's RBA rate adjustment to take effect on June 1, 2011, the Commission did not approve Attachment 5, and Hawaiian Electric was therefore not allowed to accrue and recover RAM revenues for January through May of 2011.

The Order Regarding Attachment 5¹⁹ approved the position of the Consumer Advocate, but did not explicitly address the evidence cited by the Companies regarding the parties' Joint Proposal, which the Commission approved in Docket No. 2008-0274. Instead, the Commission simply stated that it "agrees with the Consumer Advocate's approach, which reduces, but does not entirely eliminate regulatory lag, and is administratively simpler to implement."

Reaction of the Investment Market to the Implementation Order

The immediate effect of the implementation order was to cause a five-month lag in the recognition of revenue from the RAM Adjustment. The negative impact of this five-month lag on Hawaiian Electric's actual returns was reflected in equity analyst and rating agency reports almost instantaneously.

- Bank of American Merrill Lynch – "In 2011, the utilities earned a 7.3% ROE, on a consolidated basis, due in part to decoupling at HECO. Management's goal is to have HECO earn an 8.5% ROE in 2012, versus its allowed of 10%. The 150bp of under-earnings can largely be explained by the following:
 - 5-month lag in rate case interim decisions (50bp of lag)
 - 5-month lag in recovery through the decoupling RAM (50bp of lag)
 - Items not currently recoverable through decoupling or in rates, such as software costs. Some of these costs will not be recovered, such as incentive

¹⁷ Decision and Order No. 30365, issued May 2, 2012, in Docket No. 2009-0163, pages 87-88.

¹⁸ Decision and Order No. 30168, issued February 8, 2012, in Docket No. 2009-0164, pages 84-85.

¹⁹ Order Regarding Attachment 5 and Directing HECO to File Tariff Amendments, filed May 31, 2011, in Transmittal No. 11-02.

- compensation, and result in structural under-earnings (40-50bp of lag for HECO, 10-15bp for HELCO and MECO)²⁰
- Implementing decoupling in this fashion “effectively increases regulatory lag by 5 months more than HE’s expectation” and “effectively makes it more difficult for HECO to achieve its goal of earning within 100bp of its allowed ROE by 2012”²¹
 - Morningstar – “Hawaiian Electric has eliminated its reputation for having one of the country’s worst regulatory frameworks. Implementation of revenue decoupling should ultimately narrow the difference between realized and allowed returns on equity to within 200 basis points from around 500 basis points. However, a further narrowing will be more difficult to achieve since regulators have introduced a five-month delay (to June of each year) for Hawaiian Electric to recognize RAM revenues”²²
 - Macquarie (USA) Equities Research – “Relative to HE’s prior interpretation of the RAM, we see this decision as negative in three key ways. First, the utility cannot accrue RAM revenues for the period from March 1, 2011, through June 1, 2011, which is the effective date of the revised tariff. HE estimates the 2011 RAM adjustment will result in revenues of US\$1.3m per month, to be collected from June 1, 2011, until an interim decision in the 2011 general rate case is made. Second, beginning in 2012 and for all non-rate-case years, RAM-adjusted revenues will be accrued on a June through May year, matching the cash collections from ratepayers. HE previously expected accruals on a calendar year, thus, this change creates a five-month delay in earnings recognition relative to management’s previous expectation. Third, because of this five-month lag, HE will not accrue RAM-adjusted revenues from the implementation of interim rates from the 2011 general rate case through June 1, 2012.”²³ “Most, if not all recent regulatory decisions from HI have been tough to swallow. We like the move toward decoupling, as we’ve highlighted many times in recent notes. While we believe in HECO’s gradual improvement in realized ROEs, we believe the utilities will continue to under-earn in the coming years. We assume a blended average realized ROE of 8.25% in 2012, up from 7.3% in 2011, primarily driven by an improvement at HECO Oahu (~8.3% vs. 6.4% in ‘11 and guidance of 8.5%). However, we expect declines at HELCO to ~9% from 9.7% (as expected, last week’s decision on the 2010 rate case lowered the allowed ROE by 50 bps to 10.0% and removed the heat rate deadband, which added 100 bps) and MECO to ~7.2% from 7.7% (as the company should right size its

²⁰ Bank of America Merrill Lynch, *Lag at utility still an issue, lower PO to \$25*, dated February 10, 2012, provided as Attachment 1 to MECO’s response to CA-RIR-21, filed March 30, 2012 in Docket No. 2011-0092 (MECO 2012 test year rate case) (emphasis added)

²¹ Bank of America Merrill Lynch, *Hawaiian Electric Industries: An aloha surprise*, dated May 24, 2011, filed as Attachment 4 to Hawaiian Electric’s response to CA-IR-41 (supplement 5/30/11) in Docket No. 2011-0080 (Hawaiian Electric 2011 test year rate case)

²² Morningstar, *Hawaiian Electric plans to triple utility capital spending by 2016*, dated February 10, 2012, provided as Attachment 2 to MECO’s response to CA-RIR-21, filed March 30, 2012 in Docket No. 2011-0092 (MECO 2012 test year rate case) (emphasis added)

²³ Id.

O&M cost base ahead of its 2012 rate case filing) HE will attempt to reduce the lag from rate case interim decisions and the RAM but recovery of investments for three key projects (~US\$100m total) remains subject to regulatory audits, the timing and outcome of which remain uncertain²⁴

- Barclays Capital – ‘In our view, HE continues to effectively manage through its transition to the new utility regulatory framework, albeit a gradual process with continued challenges to achieving its goal to earn closer to the allowed ROE’²⁵
- Baird Equity Research – ‘Management had previously set a goal at its HECO subsidiary to earn within 100 bps of its allowed ROE (10%) by 2012, acknowledging that achievement was dependent on its 2011 interim rate decision. The HPUC approved HECO’s 2011 rate case settlement in July, but the timing of implementation and the deferral of some decisions – namely two projects totaling \$75 million in investment, have made closing the earned ROE gap difficult. We are currently modeling consolidated utility earned ROE of 8% in 2012, reflecting regulatory lag at HELCO/MECO. Earned ROEs continue to ramp in 2013 and 2014 at 9% and 9.5%, respectively, as rate relief and regulatory mechanisms should help close the persistent ROE gap’²⁶
- S&P – “HECO will not be able to collect in 2011 a full year of RAM adjustments (it had sought a \$12.7 million increase in rates) beginning Jan. 1, but instead, will be allowed to collect RAM earnings from June 1 onward. As a result, management filed an 8-K May 24 indicating that its goal of earning within 1% of its authorized ROE for HECO will be difficult to achieve this year. (HECO’s actual ROE last year was under 6% on both a book and ratemaking basis against the 10% authorized).²⁷ “These regulatory developments reflect a general trend in which company victories on regulatory initiatives do not always result in improved financial performance because of procedural delays or because their effectiveness is weakened through finalization of implementation details with stakeholders and the HPUC. As a result, although we view decoupling and RAM adjustments to be favorable for credit, they remain a work in progress and will take several years to fully implement on terms that will provide longer-term protection of cash flows”²⁸

²⁴ Macquarie (USA) Equities Research, *Hawaiian Electric Industries Delayed Gratification*, dated February 14, 2012, provided as Attachment 3 to MECO’s response to CA-RIR-21, filed March 30, 2012 in Docket No. 2011-0092 (MECO 2012 test year rate case) (emphasis added)

²⁵ Barclays Capital, *Hawaiian Electric Inds. Solid Q4 and 2011, Challenges Continue*, dated February 9, 2012, provided as Attachment 4 to MECO’s response to CA-RIR-21, filed March 30, 2012 in Docket No. 2011-0092 (MECO 2012 test year rate case) (emphasis added)

²⁶ Baird Equity Research, *Hawaiian Electric Industries (HE) Rate Relief, Retooled Regulatory Framework Fuels EPS Recovery*, dated February 10, 2012, provided as Attachment 5 to MECO’s response to CA-RIR-21, filed March 30, 2012 in Docket No. 2011-0092 (MECO 2012 test year rate case) (emphasis added)

²⁷ S&P Global Credit Portal RatingsDirect, *Hawaiian Electric Company, Inc.*, dated June 29, 2011, filed July 1, 2011 as Attachment 2 of the response to CA-IR-88, in Docket No. 2010-0080 (Hawaiian Electric 2011 test year rate case)

²⁸ Id

2013 Settlement

Pursuant to the Stipulated Settlement Agreement (“2013 Settlement”) in the Hawaiian Electric 2009 test year rate case filed on January 28, 2013 (and effective June 1, 2013), the RAM Provision tariff (for only Hawaiian Electric) was revised to allow for a calendar year method for accruing RAM revenues for the 2014, 2015, and 2016 RAM Periods.

The 2013 Settlement included provisions withdrawing Hawai‘i Electric Light’s 2013 rate case, terminating the requirement for audits of the CIS and CT-1 projects, writing off portions of the CIS project costs, delaying the filing of a 2014 test year rate case by Hawaiian Electric, and allowing Hawaiian Electric (alone) to record RAM revenues on a calendar year basis for the 2014-2016 period.²⁹

Reexamination of Decoupling

In May 2013, the Commission initiated an investigation to reexamine “whether the existing decoupling mechanisms for the Hawaiian Electric Companies are effectively serving intended purposes, are fair to the HECO Companies and the HECO Companies’ ratepayers, and are in the public interest.”³⁰

The Commission issued Decision and Order No. 31908 on February 7, 2014, addressing the Schedule A issues and directing the Companies to make certain modifications to their decoupling mechanisms. This change in the tariff, in effect, limited the rate base component to recover only 90% of the incremental change in the calculated rate base for the current RAM period as compared to the rate base for the prior year.

On March 31, 2015, the Commission issued Order No. 32735 (*Modifying Decoupling Mechanisms and Establishing Briefing Schedule*) for Schedule B of the decoupling reexamination proceeding (Docket No. 2013-0141). Order No. 32735 modified the RAM mechanism to limit the amount of unapproved capital project net plant additions that can be automatically incorporated into effective rates through the RAM.³¹ Recovery of revenues above the RAM Cap (through the RAM) is permissible, but only upon prior approval by the Commission (and which has not been allowed to date). The RBA was retained, but was modified to include a cap that is applied to the total annual RAM Revenue Adjustment. The cap limits the automatic component of RAM adjustment increases to an amount equal to or lower than the GDPPI. (The 90% adjustment was removed in favor of the GDPPI cap.)

²⁹ See, Hawaiian Electric 2009 Test Year Rate Case Stipulated Settlement Agreement, filed on January 28, 2013, in Docket No. 2008-0083.

³⁰ Order No. 31289, issued May 31, 2013 in Docket No. 2013-0141 (“*Decoupling Reexamination Order*”), initiating an investigation to reexamine the existing decoupling mechanisms for the Hawaiian Electric Companies.

³¹ See Order No. 32735 at 81.

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAII

In the Matter of the Application of

HAWAIIAN ELECTRIC COMPANY, INC

For approval to modify the RBA Rate Adjustment in
Its Revenue Balancing Account Provision Tariff

Transmittal No 16-01 (Decoupling)

In the Matter of the Application of

HAWAII ELECTRIC LIGHT COMPANY, INC

For approval to modify the RBA Rate Adjustment in
Its Revenue Balancing Account Provision Tariff

Transmittal No 16-02 (Decoupling)

In the Matter of the Application of

MAUI ELECTRIC COMPANY, LIMITED

For approval to modify the RBA Rate Adjustment in
Its Revenue Balancing Account Provision Tariff

Transmittal No 16-03 (Decoupling)

AFFADAVIT OF TAYNE S.Y. SEKIMURA

TAYNE S Y SEKIMURA, being first duly sworn on oath, deposes and says

I Affiant is Senior Vice President and Chief Financial Officer of Hawaiian Electric Company, Inc (“Hawaiian Electric”), Financial Vice President of Hawaii Electric Light Company, Inc (“Hawaii Electric Light”) and the Financial Vice President of Maui Electric Company, Limited (“Maui Electric”)

2 Affiant makes this Affidavit in support of Hawaiian Electric, Maui Electric, and Hawaii Electric Light (collective referred to as “the Companies”)'s Motion for Calendar Year Accrual of Rate Adjustment Mechanism Revenues

3 As explained in the Companies' Memorandum in Support of the Companies' Motion for Calendar year Accrual of Rate Adjustment Mechanism Revenues

a The current accrual method, which recognizes rate adjustment mechanism (“RAM”) revenues on a calendar year basis (from January 1 to December 31), is consistent with accrual accounting, a fundamental accounting principle, because it aligns revenues with the costs incurred and benefits provided to customers for the same calendar-year RAM period.¹ Reverting to the lagged method of recognizing RAM revenues, which was in place for Hawaiian Electric prior to 2014 (“prior lagged method”),² misaligns RAM revenues with their associated costs and benefits. This also results in financial under-performance due to a loss of up to five months of RAM revenues in rate case test years. This is contrary to the original intent of the decoupling mechanism and the State's policy for more renewable energy investment.

b Without preservation of the current accrual method, the Company's opportunity to earn a fair return will be significantly impaired due to the structured lag in recognizing RAM revenues. The Company estimates a

¹ The Hawaiian Electric Companies' approved RAM tariffs define the “RAM period” as the calendar year containing the Annual Evaluation Date, which is the date that the Companies make their annual decoupling filing (i.e., not later than March 31 of each year).

² Under the prior lagged method, the Company would recognize RAM revenues from June 1 of the RAM period through May 31 of the following year for the RAM Revenue Adjustment approved for a particular RAM period – i.e., lagged by five months. The Company would also bill the RAM Revenue Adjustment to customers over the

negative impact to net income of roughly [REDACTED] million and a [REDACTED] basis point negative impact on its return on equity. These negative impacts are roughly [REDACTED] of the Company's net income, which will negatively impact the Company's credit quality.³

c Preserving the current accrual method would not impact customers between rate cases because customers would continue to be billed for the RAM Revenue Adjustment on a lagged basis from June 1 of the RAM period through May 31 of the following year. Conversely, under the prior lagged method when rate cases are filed, the Companies would permanently lose recovery of up to five months of a RAM Revenue Adjustment if and when an interim rate case award is issued. That impairment, would be unfair (because customers would avoid paying for benefits received), and would inhibit the Companies' ability to earn its authorized rate of return, which is contrary to the intent of the decoupling mechanism and, the Company believes, to §269-16 of the Hawai'i Revised Statutes ("HRS"). The prior lagged method would produce this result in every rate case test year.

d The preservation/establishment of the current accrual method will make Hawaiian Electric and its subsidiaries more consistent and predictable in

same June through May period. The prior lagged method presently applies to Hawai'i Electric Light and Maui Electric.

³ The Companies have identified certain financial information as non-public, confidential information. Public disclosure of this information from which income and earnings information could be derived, may trigger requirements under the rules and guidelines of the Securities and Exchange Commission and/or the New York Stock Exchange that information that is meaningful to investors be released to all investors, if the information is disclosed beyond a limited number of "insiders" (including persons required by agreement to maintain the confidentiality of the information and to use it only for proper purposes). Forecasts of earnings, etc., are the types of information that, if selectively released, could violate such requirements. The Companies are providing the confidential information pursuant to Protective Order No. 2016-PO-03.

terms of earnings potential, thus, making them more comparable with other electric utilities that are considered for investment by the larger investment community. This is a key reason for the decoupled rate environment which makes Hawaiian Electric and its subsidiaries able to attract needed capital at a reasonable cost for the investments in clean energy.

e. Changed circumstances justify preservation of the current accrual method. Since 2011, the calculation of the RAM has become more conservative, while the renewable portfolio standards (“RPS”) have become much more ambitious (e.g., Act 97 (2015) which requires an RPS of 100% by the end of 2045). Reverting to the prior lagged method, with the permanent five-months lag in recognizing revenue and the severe adverse financial consequence for 2017 is, in the Companies’ view, neither necessary nor reasonable, and would be detrimental to the effort to achieve the new renewable portfolio standards. Making the current accrual method permanent and extending that method to the other Hawaiian Electric utilities would acknowledge these changes and be an important step in evolving regulatory mechanisms to support achievement of the new State RPS targets.

f. Making the current accrual method permanent would not alter the customer protections already embedded in the decoupling framework.

4. Attached as Attachment A, to the Companies’ Memorandum in Support of Motion for Calendar year Accrual of Rate Adjustment Mechanism Revenues, the Companies provide the amount of RAM that would have been collected if customers paid for the RAM in

the period that the costs were being incurred and the value of the investments began Affiant verifies she has reviewed Attachment A and that the same is true and correct

5 The content of Hawaiian Electric, Maui Electric, and Hawaii Electric Lights' Motion for Calendar Year Accrual of Rate Adjustment Mechanism Revenues, are true

FURTHER AFFIANT SAYTH NAUGHT

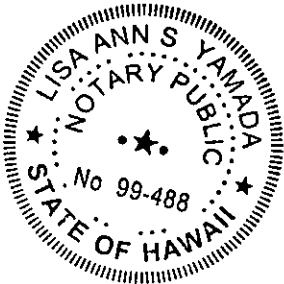
DATED Honolulu, Hawaii, November 1, 2016

Tayne S Y Sekimura

TAYNE S Y SEKIMURA

Doc Date 11-1-16 # Pages 5
Doc Description Affirmant of
Tayne S Y Sekimura
Name LISA ANN S YAMADA First Circuit
11-1-16
Signature [Signature] Date

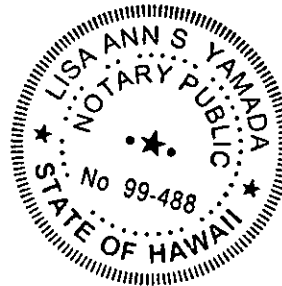
NOTARY CERTIFICATION



[Signature]

Type or print name LISA ANN S. YAMADA
Notary Public, State of Hawaii

My commission expires 10-10-2019



CERTIFICATE OF SERVICE

I hereby certify that I have this date served copies of the forgoing MOTION FOR CALENDAR YEAR ACCRUAL OF RATE ADJUSTMENT MECHANISM REVENUES, MEMORANDUM IN SUPPORT OF MOTION, AFFIDVIT OF TAYNE S Y SEKIMURA, together with this Certificate of Service, by making personal delivery, or by causing a copy hereof to be mailed, postage prepaid and properly addressed, to the following and at the following address

Division of Consumer Advocacy
Department of Commerce and Consumer Affairs
State of Hawaii
335 Merchant Street, Room 326
Honolulu, Hawaii 96813

Dated Honolulu, Hawaii, November 1, 2016



KEVIN M KATSURA

Attorney for
HAWAIIAN ELECTRIC COMPANY, INC
MAUI ELECTRIC COMPANY, LIMITED, and
HAWAII ELECTRIC LIGHT COMPANY, INC