

Blue Planet Foundation “Needs and Offers”

Hawaii PBR Proceeding
Stage 2 Workshop A

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What can your organization offer other Parties in service of making Phase 2 as productive and successful as possible?

- Blue Planet is strongly committed to the Commission's PBR inquiry that will lead to regulation with the correct incentives for the HECO companies.
- Blue Planet commits to being active in the Phase 2 workgroups and workshops.
- Blue Planet commits to being an open, reasonable and constructive participant in the Phase 2 negotiations.

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What does your organization need from the process or from other Parties in order for Phase 2 to be most successful?

- Blue Planet's resources will be taxed in Phase 2 from its participation in workgroups and workshops.
- In order to participate fully in Phase 2, Blue Planet needs access to certain data from HECO and data about "comparable" vertically integrated electric utilities similar to that used by PEG and Brattle on HECO's behalf.
- PUDL

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Two important controversies in Phase 2:

- Revenue cap formula
- Details of ESM

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Revenue Cap

$$\Delta R_n = (RPI - X + Z - CD) * R_{n-1}$$

Very
Controversial

Controversial

Blue Planet will ask the workgroup to consider an alternative approach to a revenue cap that reduces these controversies. Data availability is essential.

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Details of ESM

- The Commission included an ESM in its PBR framework in Phase 2, noting Blue Planet's reservation about using rate base, rate-of-return calculations to measure "excess earnings."
- Blue Planet wishes to offer alternative measures of earnings that avoids calculating rate base.

Blue Planet will ask the workgroup to consider an alternative approach to earnings sharing that does not harken back to rate of return. Data availability is essential.

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Types of Information Needed

Comprehensive financial data for the utility businesses of HEI for 20 years

- a. Revenues, fuel costs, purchased power expenses, revenue from adjustment mechanisms.
- b. Operating income, earnings per share, earnings per share without non-recurring items, earnings yield (E/P)
- c. EBIT and EBITDA with and without non-recurring items, enterprise value.
- d. For comparable VIEUs, selected data sets as above and FERC data.