STATE OF HAWAII
PUBLIC UTILITIES COMMISSION

ANNUAL REPORT

FOR

FISCAL YEAR 2019

(July 1, 2018 – June 30, 2019)

DECEMBER 2019

Courtesy: Nikki Matsumura

2019 Overview

The Public Utilities Commission ("Commission") regulates privately owned electric, gas, water, wastewater, telecommunications, and transportation companies in the State of Hawaii. The Commission serves the public interest by protecting consumers and ensuring the provision of safe, reliable utility service and infrastructure at reasonable rates.

At the Commission, in the field and at offices on Oahu, Hawaii, Kauai, and Maui, Commissioners and staff with a broad range of expertise and experience work diligently on matters of great importance to Hawaii.

Over the course of Fiscal Year 2019, the Commission took significant actions forward on issues related to performance-based regulation, integration of renewable energy and storage, energy efficiency, electrification of transportation, grid reliability, and consumer protection, all of which significantly impact Hawaii's citizens. The Commission held public hearings across the state to engage the members of the community to better serve our State's diverse and geographically dispersed population.

The Commission also continued to closely examine and improve a variety of internal procedures and practices during the fiscal year, adding considerable expertise and skill to its senior management with a new Commission Chair, James Griffin, Ph.D., a new Commissioner, Leodoloff Asuncion, Jr., and hiring a new Executive Officer, Jodi Endo Chai.

In this 2019 Annual Report, the Commission highlights the progress made on vital public policy imperatives across the State, including moving the State towards its clean energy goals, securing low-cost renewable energy, and increasing the reliability of Hawaii's regulated utilities.

"A modernized grid is the backbone necessary to advance the State's RPS goals, support integration of more renewables, encourage competition, and empower consumers to make their own choices concerning the level and types of electric service they desire."

Commissioner Leo Asuncion

Courtesy: Hawaii State Energy Office

2019 Overview

Grid Scale Solar + Storage Projects

During fiscal year 2019, the Commission approved power purchase agreements ("PPAs") filed by the Hawaiian Electric Companies ("HECO Companies") for seven proposed grid-scale, solar-plus-storage projects, which originated out of Phase 1 of the Hawaiian Electric Companies' competitive procurement (Docket No. 2017-0352). The projects represent the largest and lowest cost portfolio of renewable energy resources approved by the Commission, to-date.

The projects will add 289.5 megawatts of solar energy with almost a gigawatt hour of storage to Hawaii's grids, and will eliminate the use of more than 48 million gallons of imported fossil fuels annually, significantly lowering greenhouse gas emissions.

Each project is coupled with battery storage that can store four hours of energy. The coupling of solar with batteries helps to alleviate issues related to the difference in electricity demand and the amount of available solar energy throughout the day.

The Projects are expected to provide many benefits to HECO Companies' customers, including monthly bill savings, and grid stabilizing services. The low prices associated with the projects reflect a new contract structure, allowing the utility to dispatch electricity when needed, and providing stable, long-term prices in place of the volatile prices of fossil fuels.

"The Commission's decision is an important next step to support Hawaii's energy transition to a cleaner, more resilient, and more cost-competitive energy supply."

Chair James Griffin

Project Name and Docket No.	Size (MW)	Energy Payment Rate/Initial Term (cents per kWh)	Region
AES Waikoloa Solar, LLC 2018-0430	30	7.9	Waikoloa Village, Hawaii
Ho'ohana Solar 1, LLC 2018-0431	52	8.8	Kunia, Oahu
Hale Kuawehi Solar, LLC 2018-0432	30	8.7	Waimea, Hawaii
Mililani I Solar, LLC 2018-0434	39	8.8	Mililani, Oahu
Waiawa Solar Power, LLC 2018-0435	36	9.5	Pearl City, Oahu
Kuihelani Solar, LLC 2018-0436	90	7.9	Waikapu, Maui
AES West Oahu Solar, LLC 2019-0050	12.5	10.6	UH West Oahu, Oahu

Courtesy: Nikki Matsumura

2019 Overview

Grid Scale Renewables - Phase 2 Request for Proposals ("RFP")

On August 15, 2019, the Commission approved the HECO Companies' Proposed Final Phase 2 RFPs with modifications, and the HECO Companies filed the final version of the Phase 2 RFPs with the Commission on August 22, 2019. The Companies' Phase 2 procurement seeks new renewable generation and storage, as well as grid services, such as fast frequency response and capacity, to both increase the State's renewable energy resources, as well as replace the energy and capacity resulting from the retirements of the coal-fired AES Hawaii plant on Oahu, and the oil-fired Kahului Power Plant on Maui.

Molokai and Lanai RFPs

On August 29, 2019, in Order No. 36494, the Commission transferred the Molokai and Lanai Proposed Draft Requests for renewable dispatchable generation paired with energy storage to Docket No. 2019-0178. Navigant Consulting, Inc. was appointed to serve as the Independent Observer to monitor the competitive bidding process.

After the Status Conference held on September 5, 2019, the Commission solicited comments from the HECO Companies, the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate"), and stakeholders regarding the proposed plans to proceed with the competitive procurement. On November 27, 2019, the Companies filed their Final RFPs for Molokai and Lanai. Bidders' proposals are due to be filed with the Companies by the end of January 2020.

Courtesy: Nikki Matsumura

2019 Overview

Energy Efficiency and Conservation Programs

As Hawaii's electric industry evolves from predominantly fossil-fuel based generation systems towards renewable energy, the State has adopted several laws and policies in support of this transition, requiring a reduction in fossil-fuel use and an increase in renewable energy and energy efficiency, including an Energy Efficiency Portfolio Standard goal of reducing statewide electricity use by 4,300 gigawatt hours by 2030.

In order to reach these goals, the Commission contracts a third-party administrator, known as *Hawaii Energy*, to use funds collected by the Public Benefits Fee ("PBF") to design and deliver programs supporting clean energy technology, demand response technology, energy use reduction, and demand-side management infrastructure.

In early 2018, Hawaii Energy began a stakeholder engagement process to develop a three-year plan, which the Commission approved in October 2019. This new plan will result in a more expansive approach to programs and services offered by Hawaii Energy. Some of the changes include a significant increase in programs that benefit low-income households, small businesses, and other communities; exploring innovative clean energy technologies; as well as market transformation and opportunities for economic development.

Programs funded by the PBF seek to support the optimization of electricity use as the State's electric system evolves and grows more complex, as well as to strengthen local communities' business and boost Hawaii's economy.

Courtesy: Hawaii Energy

Performance Based Regulation

On April 18, 2018, the Commission opened Docket No. 2018-0088 to develop a new regulatory framework for the Hawaiian Electric Companies, known as Performance-based Regulation ("PBR"). The docket will holistically assess and evaluate the current regulatory framework, ensuring that the various regulatory mechanisms in place are working efficiently as intended. Ultimately, the Commission intends to ensure the regulatory framework aligns the HECO Companies' financial incentives with customer needs and State policy goals.

During Phase 1 of the proceeding, the Commission conducted a collaborative stakeholder process to: (1) identify priority goals and outcomes to guide PBR development, (2) characterize and assess the existing regulatory framework, and (3) identify changes to regulatory components and measures necessary to attain identified goals and outcomes.

Phase 2 is continuing the collaborative process utilized in Phase 1, with technical workshops and Working Group meetings. Stakeholders are organized into Revenue Adjustment Mechanism and Performance Incentive Mechanism Working Groups to present, evaluate, and develop individual comprehensive proposals, which will take place between August 2019 through May 2020, with the Commission anticipating issuing a decision and order for Phase 2 in December 2020.

Courtesy: Winnifred Groves

2019 Overview

HELCO Rate Case

Docket No. 2018-0368

Open

Hawaii Electric Light Company, Inc. ("HELCO") filed a rate case application requesting an increase of $13,709,000 (3.52%) over revenues at current effective rates, based on a revenue requirement of $403,042,000, which incorporated a rate of return of 8.30% and a return on common equity of 10.5% on an average rate base of $540,519,000 for a normalized 2019 test year. A public hearing was held on March 5, 2019 in Hilo, and on March 6, 2019 in Kona. On November 13, 2019, the Commission filed an interim decision and order that denied HELCO's requested increase in revenues on an interim basis above current effective rates. The remaining procedural schedule includes deadlines for the filing of supplemental evidence in January 2020, and opening and reply briefs in February 2020, with a final decision and order to follow.

HECO Rate Case

Docket No. 2019-0085

Open

On August 21, 2019, Hawaiian Electric Company, Inc. ("HECO") filed an Application for a rate increase of $77,554,000 (4.12%) over revenues at current rates based on a revenue requirement of $1,960,400,000 for a normalized 2020 test year, which includes: 1) a rate of return of 7.97%; 2) return on common equity of 10.5% on an average rate base of $2,476,801,000; 3) modification to the ECRC and RBA Tariffs; and 4) accounting changes regarding contributions in aid of construction ("CIAC") and developer advances. A public hearing on HECO's Application was held on November 14, 2019 at 6:00PM at the Public Utilities Commission's Hearing Room. An interim decision is expected in June 2020.

HAWAII ENERGY TRANSITION

"Hawaii is number one per capita in the U.S. in rooftop photovoltaic adoption and number two in electric vehicles per capita. The levels of new technologies have changed the way we think about doing business with and regulating the electric industry."

Commissioner Jennifer Potter

2019 Overview

Young Brothers Rate Case

Docket No. 2017-0363

Closed

On December 20, 2017, Young Brothers ("YB") filed an application for approval of a 13.32% rate increase, or an increase in revenues of $9,455,000, based on an intrastate revenue requirement of $80,443,233. On February 1, 2019, the Commission approved an increase to YB's intrastate freight revenues of $3,401,150, or approximately 4.32% over intrastate revenues at present rates, increasing YB's revenue requirement to $74,432,141 for the 2018 test year.

Young Brothers Rate Case

Docket No. 2019-0117

Open

On September 25, 2019, YB filed its application seeking an increase of $26,997,928, or 34.27%, over intrastate revenues at present rates, based on a revenue requirement of $78,783,326 for the 2020 test year. If approved, this would result in a total intrastate revenue requirement of $105,781,254. The Consumer Advocate has recommended further investigation and opposes the requested increase. The Application is currently under review by the Commission.

Courtesy: Nikki Matsumura

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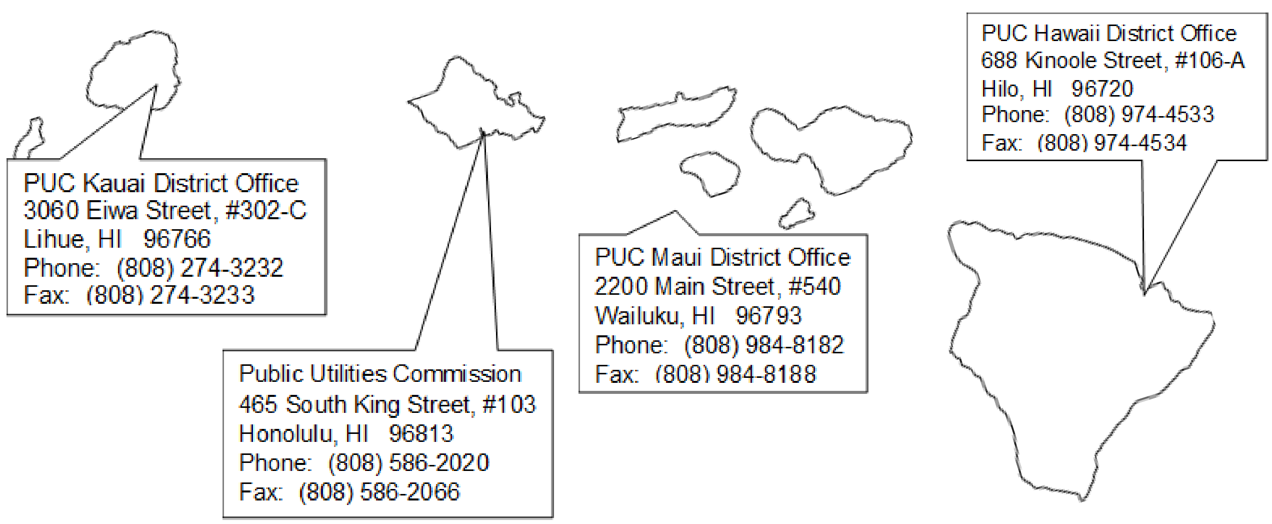
I. Introduction

The Public Utilities Commission of the State of Hawaii submits this Annual Report pursuant to Hawaii Revised Statutes ("HRS") §§ 269-5 and 269-33. This report summarizes the activities and operations of the Commission and the public utilities it regulated during FY 2019, which runs from July 1, 2018 to June 30, 2019. Regulated utilities' reported financial and budget information reflect information from the 2018 fiscal year. Where possible, this report reflects the most current information.

The Commission regulates 1,790 entities in Hawaii, which include all chartered, franchised, certificated, and registered public utility companies that provide electricity, gas, telecommunications, private water and sewage, and motor and water carrier transportation services in the State. The Commission also enforces the requirements of HRS Chapter 269 and other applicable statutes, and establishes rules and regulations.

Figure 1: Entities Regulated by the Commission

Energy					**Transportation**				**Telecom**		**Water/ Waste-water**
Electricity				**Gas**	**Water Carriers**		**Motor Carriers**				
Hawaiian Electric Company, Inc.	Maui Electric Company, Ltd.	Hawaii Electric Light Company, Inc.	Kauai Island Utility Cooperative	The Gas Company, dba Hawaii Gas	Young Brothers	Hone Heke	1,032 Passenger Carriers	541 Property Carriers	Hawaiian Telcom	170 Wireless and Wireline Companies	39 Private Water and Sewer Companies



Commissioners

James P. Griffin, Ph.D., Chair

James P. Griffin, Ph.D. was appointed to the Commission by Governor David Y. Ige in May 2017 for a term to expire June 30, 2022. In January 2019, Governor Ige named Commissioner Griffin as Chair following the retirement of prior Chair Randy Iwase. Chair Griffin was previously a faculty member at the Hawaii Natural Energy Institute ("HNEI"), an independent research institute within the University of Hawaii that conducts clean energy research and development activities. At HNEI, Dr. Griffin worked on research and demonstration projects related to grid integration of renewable energy sources, energy storage, and emerging distributed energy resource technologies. From 2012 to 2016, he served as the Commission's Chief of Policy and Research. Chair Griffin has also worked as a policy analyst at the RAND Corporation and as a legislative analyst in the Hawaii State Legislature. Chair Griffin holds a Ph.D. in policy analysis from the Pardee RAND Graduate School, an M.A. in economics from the University of California at Santa Barbara, a joint master's degree from Duke University in Environmental Management and Public Policy, and a B.A. in Political Economy from Williams College. He recently participated as a core advisory team member for the U.S. Department of Energy's ("DOE") DSPx Initiative, and previously served on peer review panels for DOE smart grid and microgrid programs. He was also a member of the Hawaii Clean Energy Initiative Electricity Working Group and a mentor for the Hawaii Renewable Energy Development Venture Energy Excelerator program.

Jennifer M. Potter, Commissioner

Jennifer M. Potter was appointed to the Commission by Governor David Y. Ige in March 2018 for a term to expire June 30, 2024. Commissioner Potter was previously a faculty member at HNEI, where she conducted research on demand response, Distributed Energy Resource ("DERs") technologies, locational benefits of DERs, and energy efficiency. Prior to joining HNEI, Commissioner Potter was a Sr. Scientific Engineering Associate in the Electricity Market and Policy group at Lawrence Berkeley National Laboratory where she was the project lead on the 2025 California Demand Response Potential Study for the California Public Utilities Commission. During her tenure, she conducted a number of studies on demand response and integrated demand side management for the U.S. Department of Energy. Commissioner Potter previously worked at Sacramento Municipal Utility District ("SMUD") as the Project Manager on SMUD's SmartSacramento team working on the Department of Energy's American Recovery and Reinvestment Act- funded Consumer Behavior Study, known as SmartPricing Options pricing pilot. While at SMUD, she also worked as the Customer Strategy Planner for residential and small commercial EE and DR programs, as well as serving as the Enterprise Performance Data Manager. Commissioner Potter also worked as the Principal Market Analyst in the Pricing and Resource Planning department at SMUD. Prior to her time at SMUD, Commissioner Potter worked at City of Roseville, Roseville Electric, as the principal load and revenue forecaster, load researcher, and business analyst for the utility. Commissioner Potter holds a Master of Science in Public Policy and Management from Carnegie Mellon University and a Bachelor of Arts in International Studies and Economics from Southern Oregon University.

Leodoloff R. Asuncion, Jr., Commissioner

Leodoloff ("Leo") R. Asuncion, Jr. was appointed to the Public Utilities Commission by Governor David Y. Ige in February 2019 for a term to expire June 30, 2020. Prior to his appointment to the PUC, Commissioner Asuncion was a Planning Program Administrator II at the Office of Planning, Department of Business, Economic Development and Tourism, and from 2013 to 2018 served as Director of the Office. As Director, he was responsible for the overall management, development, and implementation of state policy, and coordination and planning support to state and county agencies. He also served as Planning Program Manager of the Hawaii Coastal Zone Management Program from 2011 to 2013. Commissioner Asuncion has over 28 years of extensive experience in planning, policy analysis, and management throughout Hawaii and the Pacific Region, in both the public and private sectors, through previous positions with Hawaiian Electric Company, Inc., SSFM International, Inc. the Hawaii State Judiciary, and the State Land Use Commission. He has also chaired or been a member of a number of governmental boards, commissions, task forces and councils during his professional career, and will serve in 2020 as President-Elect, and in 2021 and 2022 as President of the American Planning Association. He is also the Immediate Past Chair of the Coastal States Organization.

Commissioner Asuncion holds a Master in Business Administration from Hawaii Pacific University, and a Master in Urban and Regional Planning and Bachelor of Arts in Political Science degrees from the University of Hawaii-Manoa.

Randall Y. Iwase, Chair (retired December 2018)

Randall Y. Iwase was appointed as the Chair of the Commission in January 2015 by Governor David Y. Ige for a term to expire on June 30, 2020. Prior to his appointment to the Commission, Chair Iwase served as the Chair of the Hawaii State Tax Review Board and Chair of the Hawaii Labor and Industrial Relations Appeals Board. He also served as the Supervising Deputy Attorney General where his division provided legal counsel to the Department of Commerce and Consumer Affairs and the Public Utilities Commission. Chair Iwase is a former state senator and former Honolulu City Council Member. Chair Iwase holds a J.D. from the University of San Francisco School of Law, and a B.A. from the University of Florida, Gainesville, where he graduated with honors.

II. Mission, Goals and Objectives

The Commission's mission is to provide effective, proactive, and informed oversight of all regulated entities to ensure that they operate at a high level of performance so as to serve the public fairly, efficiently, safely, and reliably, while addressing the goals and future needs of the State in the most economically, operationally, and environmentally sound manner, affording the opportunity for regulated entities to achieve and maintain commercial viability.

The Commission is in the process of developing a new strategic plan, which will include reviewing and possibly updating its mission and vision statements. The Commissioners and staff will participate in a strategic planning retreat, which is set to take place in early 2020. The purpose of this retreat will be to facilitate a collaborative process through which all staff will have an opportunity to provide input as we work to redefine our goals and objectives, institute action plans, and develop metrics to monitor progress against our objectives.

The Commission's current goals and objectives, subject to revision and adjustment following the Commission's upcoming strategic planning process discussed above, are as follows.

Goals and Objectives

Goal 1: Increase the efficiency of the regulatory process.

Objectives:

- Resolve 100% of all dockets within statutory timeframes where specified.
- Resolve 100% of all dockets within 90 days after the docket is ready for decision making.

Goal 2: Foster greater understanding of the regulatory process by the public.

Objectives:

- Revise existing web content, create new content and conduct updates every six months to ensure the Commission website adequately and accurately explains Commission actions.
- Provide guest speakers at a minimum of four public venues each year in Hawaii.

Goal 3: Actively monitor pending legislation at the State and Federal levels to determine potential impacts on Commission duties and responsibilities.

Objectives:

- Identify 100% of proposed legislation affecting the Commission within one week of the legislative deadline for bill introduction.
- Where appropriate, submit written testimony to relevant legislative committee by the required deadline as set by the committee.
- Attend or monitor 100% of legislative hearings dealing with legislation affecting the Commission during the Legislative Session.

Goal 4: Take appropriate actions to ensure adequate funding to perform all Commission functions.

Objectives:

- Review actual expenditures versus budgeted amounts quarterly and analyze variances.

- Review anticipated special fund collections annually to ensure collections are sufficient to cover anticipated expenditures.
- Prepare draft legislation to supplement special fund collections for introduction at the Legislative Session when necessary.

Goal 5: Review Information Technology requirements to facilitate timely and accurate dissemination of information.

Objectives:

- Consistent with recommendations of the State Auditor and findings from a feasibility study conducted by a consultant, replace the Commission's current Docket Management System.

Goal 6: Cultivate high morale and performance among Commission employees.

Objectives:

- Offer at least two professional, issue specific in-house training sessions per year to all professional employees.
- Offer DHRD-sponsored training classes to all employees annually.

III. Administrative Update

During the fiscal year, the Commission re-described eight positions, established two new temporary, exempt positions as authorized by Act 201, SLH 2018, and recruited and filled 11 vacant positions. The Commission's recently-completed expansion and renovation project, concluded in late 2018, has provided space for all funded and authorized full-time Commission Oahu office staff to be situated in the same building, increasing the efficiency and effectiveness of Commission operations.

IV. Recommendations for Legislative & Executive Action

Recommendation:

Increase the PUC Special Fund annual carryover balance from $1 million to $3 million to account for start-of-year expenses.

The PUC Special Fund is the primary source of funding for the operations of the Commission and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs. Currently, all funds in excess of the statutory $1 million "carryover balance" are transferred to the state's general fund at the end of each fiscal year. This carryover balance has not been changed since its establishment in 1994. The current balance of $1 million is no longer sufficient to fulfill the Commission's start-of-year financial obligations. Therefore, the Commission is requesting that the legislature increase the annual carryover balance to $3 million.

V. Docket Proceedings and Regulatory Issues

Regulatory proceedings are conducted in a formal docket process. Docket filings, decisions, and orders are available on the Commission's Document Management System ("DMS") website at: https://dms.puc.hawaii.gov/dms/. Non-docketed filings are also available on DMS. Non-docketed filings are searchable based on the calendar year in which they were filed (ex: non-docketed filings in 2018 are under docket number "2018-0000" and those from calendar year 2019 are under docket number "2019-0000").

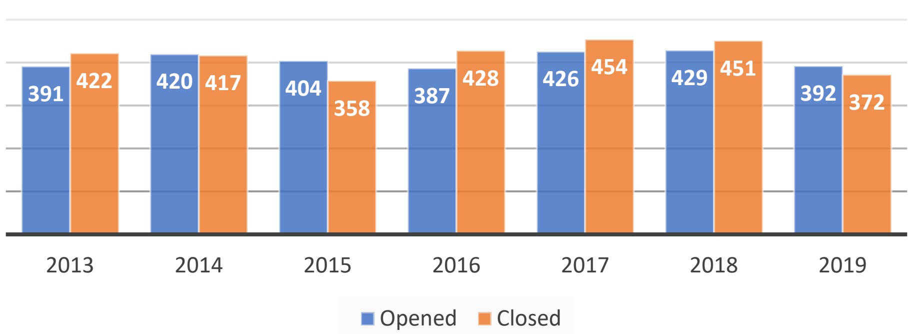
A. Docket Statistics

The Commission issued a total of 792 decisions and orders in FY 2019. At the beginning of FY 2019, there were 141 pending dockets that had been opened and carried over from previous fiscal years. During the past fiscal year, an additional 392 new dockets were opened. Thus, during FY 2019, a total of 533 dockets were before the Commission for review and consideration. Of the 533 dockets, 372 were closed by the end of FY 2019. As of June 30, 2019, 161 open dockets remain pending and will carry over to FY 2020. The number of dockets by type and status are shown in Table 1.

Table 1 – Public Utilities Commission Dockets

Sector	Carried over from FY 2018	Opened in FY 2019	Total of FY18 Carried Over + FY19 Opened	Closed in FY 2019	To Carry Forward to FY 2020
Electric	53	31	84	30	54
Gas	0	3	3	0	3
Telecommunication	19	27	46	30	16
Water/Sewer	7	10	17	9	8
Motor Carrier - Passenger	47	224	271	227	44
Motor Carrier - Property	8	86	94	73	21
Water Carrier	3	5	8	2	6
One Call Center	3	6	9	1	8
Other	1	0	1	0	1
TOTAL	**141**	**392**	**533**	**372**	**161**

Figure 2 – Dockets Opened and Closed, Fiscal Years 2014-2018



B. Electricity

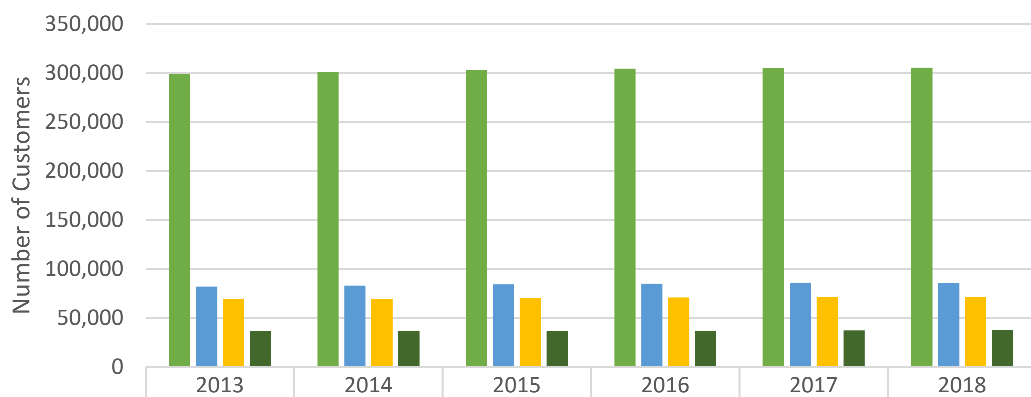
The Commission regulates four electric utilities engaged in the production, purchase, transmission, distribution, and sale of electric energy in the State: Hawaiian Electric Company, Inc., ("HECO"), which serves the island of Oahu; Maui Electric Company, Limited ("MECO"), which serves the islands of Maui, Lanai, and Molokai; Hawaii Electric Light Company, Inc., ("HELCO"), which serves Hawaii island (collectively, HECO, MECO, and HELCO are referred to as "the HECO Companies" or "the Companies"); and Kauai Island Utility Cooperative ("KIUC"), which serves the island of Kauai. The islands of Niihau and Kahoolawe do not have electric service provided by a public utility.

The following section summarizes the Commission's electricity-related proceedings in the following categories: (1) Operations, (2) Rates, (3) Capital Expenditures, (4) Resource Acquisition, (5) Summary of Purchase Power Agreements ("PPAs"), (6) Overhead and Underground Power Lines, (7) Ratemaking and Tariffs, (8) Financing, (9) Fuel Contracts, (10) Petitions and Complaints, (11) Miscellaneous, and (12) Reliability and Quality of Service.

Operations

The number of customers served by electric utilities has year over year growth of approximately 0.5% to 0.8% since 2013. See Figure 3.

Figure 3 – Number of Electric Utility Customers, Calendar Years 2013-2018[1]

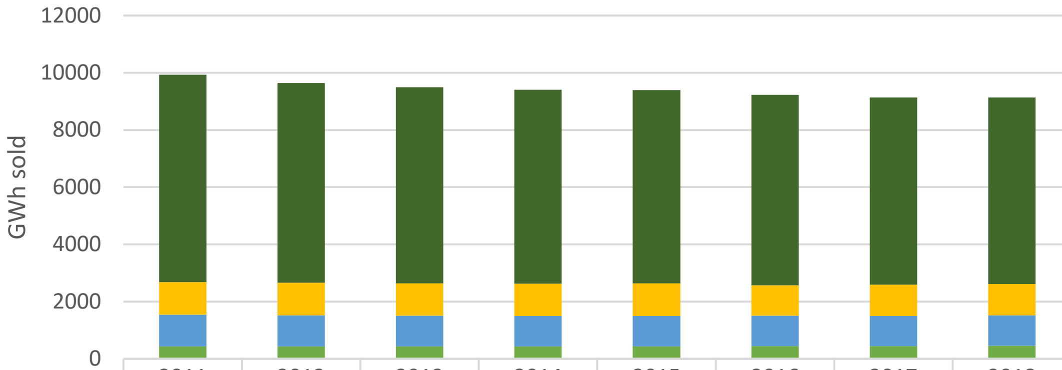


	2013	2014	2015	2016	2017	2018
HECO	298,921	300,722	302,958	304,261	304,948	305,285
HELCO	82,074	83,104	84,309	85,029	85,925	85,811
MECO	69,303	69,804	70,533	70,872	71,352	71,650
KIUC	36,714	36,942	36,832	37,130	37,439	37,705

Annual electricity sales have been decreasing statewide over the years, with slight increases recently on some islands. See Figure 4.

[1] Data obtained from the electric utilities' Annual Financial Reports filed with the Commission.

Figure 4 – Annual Electricity Sales in Gigawatt-hours, 2012-2018



	2011	2012	2013	2014	2015	2016	2017	2018
HECO	7,242	6,976	6,859	6,782	6,754	6,660	6,549	6,526
MECO	1,145	1,145	1,134	1,132	1,138	1,059	1,095	1,099
HELCO	1,104	1,085	1,076	1,063	1,065	1,067	1,047	1,064
KIUC	435	433	431	430	432	439	445	451

Rates

Electric utility rates are the sum of various components, all of which are analyzed and approved by the Commission. The electricity rates consist of the base rate, plus the energy cost recovery clause and other surcharges. The total of the base rate and surcharges is also known as the "current effective rate."

In Figure 5, the current effective rate is reported as monthly residential electricity revenues divided by residential electricity sales.

Figure 5 – Five- Year Comparison of Effective Residential Electricity Rates

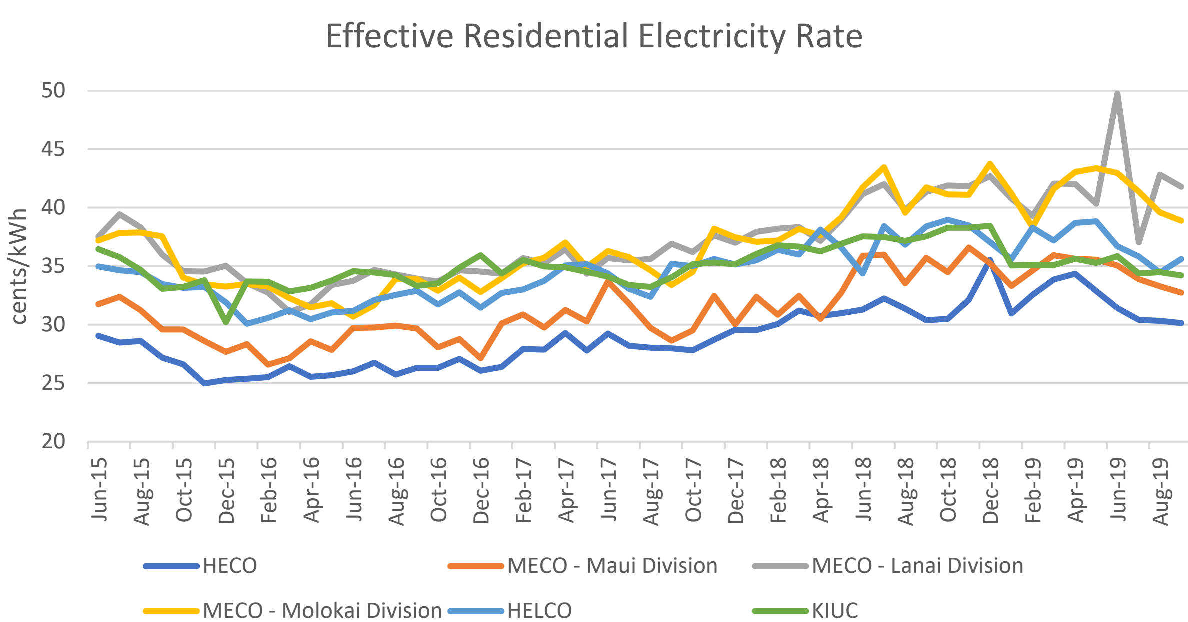


Table 2 – Five-Year Comparison of Effective Residential Energy Rates and Monthly Residential Electric Bill, Based on an Average Usage of 500 kWh

	June' 15		June' 16		June' 17		June' 18		June' 19	
	Rate	Bill	Rate	Bill	Rate	Bill	Rate	Bill	Rate	Bill
HECO	$0.29	$145.20	$0.26	$129.95	$0.29	$146.15	$0.31	$156.45	$0.31	$157.05
HELCO	$0.35	$174.87	$0.31	$155.16	$0.34	$171.92	$0.34	$171.92	$0.37	$183.43
MECO (Maui)	$0.32	$158.75	$0.30	$148.65	$0.34	$168.45	$0.36	$179.40	$0.35	$175.35
MECO (Lanai)	$0.38	$187.60	$0.34	$168.80	$0.36	$178.40	$0.41	$205.85	$0.50	$248.80
MECO (Molokai)	$0.39	$194.45	$0.32	$159.15	$0.36	$181.50	$0.42	$208.70	$0.43	$214.90
KIUC	$0.36	$182.30	$0.35	$172.75	$0.34	$170.50	$0.38	$187.75	$0.36	$179.30

Capital Expenditures

The following section provides information on capital improvement projects ("CIP") for HECO, HELCO, MECO, and KIUC for the calendar year ("CY") 2018.

HECO

HECO's actual CY 2018 plant additions, before reduction for contributions in aid of construction received, total $358.7 million.

Table 3 – HECO Summary of CY 2018 Plant Additions[2]

($ in million)	Actual	Budget	Variance
Projects less than $2.5 million	$189.3	$221.2	($31.9)
Projects less than $2.5 million - Plant additions budgeted in 2017, delayed to 2018 or beyond or cancelled	$0.0	$30.7	($30.7)
Subtotal - Less than $2.5 million	**$189.3**	**$251.9**	**($62.6)**
Projects greater than $2.5 million	$144.7	$147.9	($3.2)
Projects greater than $2.5 million - Plant additions budgeted in 2018, delayed to 2019 or beyond	$0.0	$64.9	($64.9)
Joint pole assets transferred from Hawaiian Telcom	$24.7		$24.7
Subtotal - Greater than $2.5 million	**$169.4**	**$212.8**	**($43.4)**
Corporate Placeholder Adjustment		($54.4)	$54.4
Total	**$358.7**	**$410.3**	**($51.6)**

HELCO

HELCO's actual CY 2018 plant additions, before reduction for contribution in aid of construction received, total $72.5 million.

[2] See Docket No. 03-0257, Exemption From and Modification of General Order No. 7 Paragraph 2.3(g), Relating to Capital Improvements Capital Projects Completed in 2018, Attachment 1 filed on March 27, 2019.

Table 4 – HELCO Summary of CY 2018 Plant Additions[3]

($ in million)	Actual	Budget	Variance
Projects less than $2.5 million	$53.4	$49.3	$4.1
Projects less than $2.5 million - Plant additions budgeted in 2017, delayed to 2018 or beyond or cancelled	$0.0	$9.3	($9.3)
Subtotal - Less than $2.5 million	**$53.4**	**$58.6**	**($5.2)**
Projects greater than $2.5 million	$0.0	$0.0	$0.0
Joint pole assets transferred from Hawaiian Telcom	$19.1	$0.0	$19.1
Subtotal - GO7 - Greater than $2.5 million	**$19.1**	**$0.0**	**$19.1**
Total	**$72.5**	**$58.6**	**$13.9**

MECO
MECO's actual CY 2018 plant additions, before reduction for contribution in aid of construction received, total $58.6 million.

Table 5 – MECO Summary of CY 2018 Plant Additions[4]

($ in million)	Actual	Budget	Variance
Projects less than $2.5 million	$50.3	$47.5	$2.8
Projects less than $2.5 million - Plant additions budgeted in 2016, delayed to 2017 or beyond or cancelled	$0.0	$8.6	($8.6)
Subtotal - Less than $2.5 million	**$50.2**	**$56.1**	**($5.9)**
Projects greater than $2.5 million	$4.2	$20.2	($16.0)
Joint pole assets transferred from Hawaiian Telcom	$4.2	$0.0	$4.2
Subtotal - GO7 - Greater than $2.5 million	**$8.4**	**$20.2**	**($11.8)**
Total	**$58.6**	**$76.3**	**($17.7)**

KIUC
For CY 2018, KIUC completed 55 CIPs for which none of the individual projects had a total cost exceeding $1 million. KIUC completed one (1) CIP for which the project had an individual total cost between $1 million and $2.5 million and zero (0) CIPs with a total cost at or exceeding $2.5 million in Calendar Year 2018. As shown in Table 8 below, the total aggregate cost is approximately $8.8 million.

[3] Docket No. 03-0257, Exemption From and Modification of General Order No. 7 Paragraph 2.3(g), Relating to Capital Improvements Capital Projects Completed in 2018, Attachment 2 filed on March 27, 2019.
[4] Docket No. 03-0257, Exemption From and Modification of General Order No. 7 Paragraph 2.3(g), Relating to Capital Improvements Capital Projects Completed in 2018, Attachment 3 filed on March 27, 2019.

Table 6 – KIUC Summary of CY 2018 Completed CIPs[5]

($ in million)	Actual	Budget	Variance
Completed CIPs with a total cost of less than $1 million	$6.87	n/a	n/a
Completed CIPs with a total cost of between $1 million to under $2.5 million	$1.9	$2.3	($0.4)
Completed CIPs with a total cost of $2.5 million or more	$0.0	$0.0	$0.0
Total	**$8.8**	**$2.3**	**($0.4)**

Approval to Defer O&M Expenses, and to Recover Deferred and Capital Costs for the Maʻalaea M14 HRSG and M16 HRSG Low Load Modification Projects Through the Renewable Energy Infrastructure Program Surcharge
Docket No. 2016-0345; Closed

On October 3, 2016, MECO submitted an application requesting deferred accounting treatment for modifications and maintenance to two of its generating units at the Maʻalaea power plant, as well as approval to recover the project costs through the Renewable Energy Infrastructure Program ("REIP") surcharge. On February 11, 2018, the Commission issued Order No. 36759, approving MECO's request to use deferred accounting for the project costs, to be amortized over five years, noting that the modifications would allow MECO to operate its plant more efficiently and facilitate the integration of more renewable energy. However, the Commission denied cost recovery through the REIP surcharge, and designated this issue for further discussion in MECO's (then) ongoing 2018 test year rate case, Docket No. 2017-0150.

Approval to Commit Funds in Excess of $2.5 Million for Item P0004115, Iwilei Substation Downtown Network Transformer and Switchgear N2 Replacement
Docket No. 2018-0017; Closed

The Commission found this Project to be necessary as a contingency to provide reliable service to the Oahu Downtown area and approved HECO's request to commit approximately $5,936,345 in funds for Item P0004115, the Iwilei Substation Downtown Network Transformer and Switchgear N2 Replacement Project, subject to the conditions that: (1) HECO shall not be allowed to recover costs until the Project is placed into service and is used and useful; and (2) within sixty days of commercial operation, HECO shall file a final cost report.

Approval to Commit Funds in Excess of $2.5 Million for Item Y00263, Kaʻaahi Substation
Docket No. 2018-0055; Closed

The Commission approved HECO's requests to commit an estimated $8.8 million for: (1) purchasing and constructing the Kaʻaahi Substation and related facilities; (2) building the sub-transmission line above the ground; and (3) transferring certain utility assets to the Honolulu Authority for Rapid Transportation ("HART"). If the actual Project costs exceed actual 60-month revenue from HART's service, HECO is required to file a description of the difference in costs and the reasons why.

[5] Docket No. 03-0256, Kauai Island Utility Cooperative for Exemption from and Modification of General Order No. 7, Paragraph 2.3(g)2, Regarding Capital Improvements; Annual Report Regarding Completed Projects in 2018, filed on May 31, 2019.

Approval to Commit Funds in Excess of $2.5 Million for Item P0004139, He'eia Bridge Pole Replacement Project
Docket No. 2018-0064; Closed

The Commission approved HECO's request to commit approximately $3,571,111 for the He'eia Project, which will relocate and replace four wooden utility poles with steel poles to address damage from rot and termites. As part of the Project, HECO also requested to re-build the 46 kV transmission lines above ground. In approval of the Project, the Commission noted that the 46 kV lines serve as the primary and alternate feeder lines to the distribution substations in the Kaneohe and Waihee areas, which serve approximately 9,100 residential and 2,100 commercial customers, respectively. The Commission further found that the Project was reasonable in light of the alternatives studied by HECO, including risks to reliability as well as estimated project costs.

Approval to Commit Funds in Excess of $2.5 Million for the Phase 1 Grid Modernization Project, to Defer Certain Computer Software Development Costs, Etc.
Docket No. 2018-0141; Open

The Commission approved, subject to certain conditions, the HECO Companies' application to commit approximately $86.3 million to the first phase of their Grid Modernization Strategy, including the acquisition and deployment of advanced meters, a meter data management system, a telecommunications network, and related matters. As part of this approval, the HECO Companies subsequently filed an Advanced Rate Design Strategy and Data Access and Privacy Policy on September 25, 2019.

Approval to Commit Funds in Excess of $2.5 Million for Items P0004180, P0004116, P0002894 and P0004120 80 MVA, Substation Transformer Combined Purchase and Installation
Docket No. 2018-0145; Closed

The Commission approved HECO's request to commit approximately $17,366,035 to purchase four 138-46 kV, 48/80 MVA transformers, in connection with the 80 MVA Substation Transformer Combined Purchase and Installation Project. The Commission found that the request was reasonable and consistent with public interest, noting that the purchase is intended to promote reliability to an area which serves 6,300 customers.

Approval to Commit Funds in Excess of $2.5 Million for Item Y00291, Auiki Substation, and Related Approvals
Docket No. 2018-0185; Open

HECO filed an application requesting approval to commit approximately $15.2 million for the construction and installation of project Item Y00291, which includes the Auiki Substation, a line extension and related equipment. In September 2019, HECO requested additional time to provide information on the project status, and the Commission is awaiting additional follow-up information from HECO regarding the project's compliance with applicable environmental laws.

Approval to Commit Funds in Excess of $2.5 for the Anahola Service Center Project
Docket No. 2018-0211; Closed

The Commission approved KIUC's request to commit approximately $6,156,712 in funds for the Anahola Service Center Project, which is intended to relocate KIUC's technical, operational, and administrative functions, currently located at KIUC's Kapaa Service Center, to the Anahola Service Center. The Commission noted that KIUC's existing Kapaa Service

Center is over 60 sixty years old, and that the move is part of KIUC's overall plan to accommodate its leasing arrangement with the Department of Hawaiian Home Lands.

Approval to Commit Funds in Excess of $2.5 Million for Item HG.005014, Perform Major Overhaul on Keahole CT-4
Docket No. 2019-0132; Open

On June 24, 2019, HELCO filed an application requesting approval to commit approximately $3,593,000 to perform an overhaul of one of its combustion turbine generators at its Keahole power plant. The Commission approved a procedural schedule governing the docket on August 12, 2019, and briefing was scheduled to conclude near the end of 2019. The Consumer Advocate requested an extension of time to file its Statement of Position for January 10, 2020. The Commission is reviewing the Consumer Advocate's request.

Approval to Commit Funds in Excess of $2.5 Million for ITEM MG.005015, Perform Major Overhaul on Maalea Unit 16
Docket No. 2019-0027; Closed

On January 31, 2019, MECO submitted an application requesting approval to commit approximately $2,480,000 to perform a major overhaul on its Maalaea Unit 16 combustion turbine generator. On October 3, 2019, the Commission issued Order No. 36545, which approved MECO's request, noting that the Unit 16 generator is among MECO's most cost-effective units and is critical to providing reliable service to West Maui, that the planned overhaul is intended to extend the useful life of the turbine generator, and the planned overhaul is less costly than replacing the generator entirely.

Resource Acquisition

Approval to Commit Funds in Excess of $2.5 Million for Purchase and Installation of Item P0001576 Schofield Generating Station Project
Docket No. 2014-0113; Closed

The Commission approved: (1) HECO's commitment of funds in excess of $2.5 million for the purchase and installation of Item P0001576, Schofield Generating Station Project ("SGS Project"); (2) a cap of $167 million for the SGS Project's costs, adjusted for the foreign exchange rate; (3) a cap on the amount of total costs that may be recovered through any cost recovery mechanism other than base rates equal to 90% of $167 million project cap; (4) HECO's request to build new 46 kV line above ground; and (5) a final, fully-executed lease made between the United States Department of the Army and HECO. Relatedly, the Commission denied HECO's request to capitalize the lease payments made prior to the in-service date of the SGS Project, as well as HECO's request to include a normalized level of such costs in a future rate case or to record such payments as a deferred expense to be included in HECO's next rate case.

Community-Based Renewable Energy ("CBRE")
Docket No. 2015-0389 & 2018-0195

On December 22, 2017, in Docket No. 2015-0389, the Commission adopted a CBRE Framework for the HECO Companies, under which customers who cannot site solar distributed generation on their own property can participate directly in off-site renewable energy projects through a bill credit arrangement. On June 29, 2019, the Commission issued Order No. 35560, which approved the HECO Companies' CBRE tariff and instructed the Companies to implement the CBRE program, which took effect on July 10, 2018. On July 25, 2019, the Commission hosted a technical conference to provide an update on

Phase 1 of the CBRE program, review lessons learned, and solicit stakeholder feedback for options for Phase 2 of the program. The Commission expects to provide further guidance regarding Phase 2 in early 2020.

Relatedly, in Docket No. 2018-0195, the HECO Companies requested that they be allowed to recover the costs associated with energy from their CBRE facilities though each Companies' respective ECRC and Purchased Power Adjustment Clause ("PPAC"). The Companies' request is currently pending before the Commission, and a decision is expected in 2020.

Approval of Demand Response Program Portfolio Tariff Structure, Reporting Schedule, and Cost Recovery of Program Costs Through the Demand-Side Management Surcharge
Docket No. 2015-0412; Closed

On August 5, 2018, the Commission issued Order No. 36453, which approved HECO and MECO's proposed Demand Response Adjustment Clause as a surcharge mechanism to recover costs associated with HECO and MECO's Demand Response programs.

Subsequently, on September 3, 2019, the Commission closed Docket No. 2015-0412, noting that it had recently opened Docket No. 2019-0323 to comprehensively investigate DER and DR policies in a consolidated docket. Accordingly, future DR issues will be addressed in Docket No. 2019-0323.

Power Purchase Agreement for Renewable Dispatchable Firm Energy and Capacity with Hu Honua Bioenergy, LLC
Docket No. 2017-0122; Open

In Order No. 34726, filed on July 28, 2017, the commission approved HELCO's Amended and Restated Power Purchase Agreement for Renewable Dispatchable Firm Energy and Capacity with Hu Honua Bioenergy, LLC. Following that decision, a participant in the underlying proceeding filed a Notice of Appeal of the Commission's decision on August 26, 2017, and on June 10, 2019, the Supreme Court remanded the case back to the Commission for proceedings consistent with the Court's opinion. The Commission issued an order reopening the docket on June 20, 2019 and established a new Issue No. 4 related to the greenhouse gas emissions impact of the project. On January 14, 2020, the deadline for responses from Parties and Participants on filed greenhouse gas emissions analyses passed and prehearing testimonies from Parties and Participants is due on January 28, 2020.

Power Purchase Agreement for Renewable As-Available Energy and Electric Service with Moloka'i New Energy Partners, LLC
Docket No. 2018-0053; Closed

The Commission approved: (1) MECO's PPA with Moloka`i New Energy Partners, LLC ("MNEP"); and (2) MECO's request to include purchased energy charges, fixed payments and related revenue taxes from the PPA in MECO's fuel adjustment and purchase power adjustment clauses, to the extent these costs are not included in base rates. MNEP's project is comprised of a 4.88 MW solar project, coupled with a 3 MW/15 MW-hour battery energy storage system.

Approval to Commit Funds in Excess of $2.5 Million for Item P0003265, Contingency & Regulating Reserve Battery Energy Storage System Project, Etc.
Docket No. 2018-0102; Closed

The Commission denied HECO's request to commit approximately $104 million for a Contingency & Regulating Reserve Battery Energy Storage System project and associated accounting treatment. The Commission was unconvinced, based on the docket record, that the proposed project was reasonable and consistent with the public interest, due primarily to the high estimated Project cost of $104 million and the lack of consideration of alternative options to meet the underlying system needs.

Approval to Commit Funds in Excess of $2.5 Million for Item P0003267, West Loch Battery Energy Storage System Project, Etc.
Docket No. 2018-0103; Closed

The Commission denied HECO's request to commit approximately $43.5 million for a proposed Battery Energy Storage System Project at the West Loch Naval Annex, based on the pricing difference between the West Loch Project and other recent solar-plus-battery storage projects approved by the Commission, as well as project limitations, including the limited capacity of the West Loch Bess Project, which reduced the potential scope of any related benefits.

Waiver of the Palehua Wind Project from the Framework for Competitive Bidding and Approval of the PPA for Renewable As-Available Energy with EE Ewa
Docket No. 2018-0400; Closed

The Commission dismissed HECO's request for a waiver of the Palehua Wind Project from the Framework for Competitive Bidding, finding that the Project should be subject to the Commission's Competitive Bidding Framework, but providing the developer the option of submitting its Palehua Wind Project as part of the scheduled Phase 2 of the competitive procurement for grid-scale renewable energy projects in Docket No. 2017-0352.

Summary of Power Purchase Agreements

In accordance with Act 260, SLH 2013, summaries of PPAs, including pricing, are provided in the following tables.

Summary of Power Purchase Agreements in Effect on Oahu, FY 2019

OAHU Facility Name	Export Capacity (MW)	Facility Type	Average FY19 Energy Price ($ per kWh)[a]	Time of Production	Fuel / Energy Source	Identifying Docket or In- Service Date	End Date / Term
Kahuku Wind Power	30	As Available	$0.2083	Any	Wind	2009-0176	5/31/2031
Kawailoa Wind	69	As Available	$0.2220	Any	Wind	2011-0224	11/30/2032
Kalaeloa Renewable Energy Park	5	As Available	$0.2160	Any	Solar	2011-0384	11/30/2033
Kalaeloa Solar Two	5	As Available	$0.2250	Any	Solar	2011-0051	12/31/2032
Kapolei Sustainable Energy Park	1	As Available	$0.2360	Any	Solar	2011-0185	12/31/2031
IES Downstream LLC	9.6	As Available	$0.1374	On Peak[b]	Refinery Gas / Naphtha	Docket No. 6717. In service 8/2/1990.	Year to year
			$0.1407	Off Peak[b]			

Par Hawaii Refining LLC[c]	18.5	As Available	$0.1304	On Peak	Refinery Gas / Naphtha	Docket No. 5025. In service 12/28/1983.	Year to year
			$0.1365	Off Peak			
Waianae Solar[d]	27.6	As Available	$0.1450	Any	Solar	2014-0354 In service 1/14/2017.	1/31/2039
AES Hawaii[e]	180	Firm	$0.0575	Any	Coal	Docket No. 6177. In service 9/1/1992.	9/1/2022
Kalaeloa Partners[f]	208	Firm	$0.1484	Any	LSFO*	Docket No. 6378. In service 5/23/1991.	10/31/2019
H-POWER	68.5	Firm	$0.1741	On Peak	Waste	2012-0129	4/2/2033
			$0.1207	Off Peak			
Feed-in Tariff	Varies	As Available	$0.2295	Any	Solar	2008-0273	20 years
Avoided Energy Cost Rate			$0.1374	On Peak	Docket No. 7310, Decision and Order No. 24086; 2008-0069		
			$0.1407	Off Peak			

a Based on 12-month averages of actual energy costs; does not include capacity payments (if applicable).
b "On peak" is from 7 AM to 9 PM. "Off peak" is from 9 PM to 7 AM.
c Average Energy Price does not include reactive adjustment.
d Energy price based on purchased kilowatt-hours.
e Energy Price based on AES Hawaii Energy Cost which includes Fuel, Variable O&M, and Fixed O&M components.
f Energy Price based on Kalaeloa Partners Energy Cost which includes Fuel, Nonfuel, and Additive components.

Summary of Power Purchase Agreements in Effect on Hawaii Island, FY 2019

HAWAII Facility Name	Export Capacity (MW)	Facility Type	Average FY19 Energy Price ($ per kWh)[a]	Time of Production	Fuel / Energy Source	Identifying Docket or In Service Date	End Date / Term
Hawi Renewable Development	10.56	As Available	$ 0.1586	On Peak	Wind	2004-0016	5/18/2021
			$ 0.1510	Off Peak			
Hamakua Energy[d]	60	Firm	$ 0.1422	Any	Naphtha	1998-0013	12/31/2030
Puna Geothermal Venture (PGV)[c]	25	Firm	$ 0.0000	On Peak	Geo-thermal	2011-0040	12/31/2027
			$ 0.0000	Off Peak			
	5	Firm	$ 0.0000	Any			
	8	Cycling	$ 0.0000	On Peak			
			$ 0.0000	Off Peak			
Tawhiri Power (Pakini Nui)	20.5	As Available	$ 0.1152	On Peak	Wind	2004-0346	4/2/2027
			$ 0.1135	Off Peak			
Wailuku River Hydro	12.1	As Available	$ 0.1598	On Peak	Hydro	6956	5/12/2023
			$ 0.1536	Off Peak			

Feed-in Tariff	Varies	As Available	$ 0.2353	Any	Solar	2008-0273	20 years
Schedule Q[b]	Varies	As Available	$ 0.1525	Any	Docket No. 7310 Decision and Order No. 24086; 2008-0069		
Avoided Energy Cost Rate (>100 kW)			$ 0.1582	On Peak	Docket No. 7310 Decision and Order No. 24086		
			$ 0.1499	Off Peak			

a Based on 12-month averages of actual energy costs; does not include capacity payments (if applicable).
b Includes County of Hawaii Department of Water Supply and Palm Valley Farm.
c PGV has been offline since May 2018 due to the volcanic eruption in lower Puna on Hawaii Island.
d Energy Price based on Hamakua Energy's Energy Cost which includes Fuel and Variable O&M components.

Summary of Power Purchase Agreements in Effect on Maui Island, FY 2019

MAUI Facility Name	Export Capacity (MW)	Facility Type	Average FY19 Energy Price ($ per kWh)[a]	Time of Production	Fuel / Energy Source	Identifying Docket or In Service Date	End Date / Term
Kaheawa Wind Power	30	As Available	$0.13718	On Peak	Wind	2004-0365 6/9/2006	6/9/2026
			$0.12881	Off Peak			
Kaheawa Wind Power II	21	As Available	$0.23187	Any	Wind	2010-0279 7/2/2012	7/2/2032
Auwahi Wind Energy	21	As Available	$0.20796	Any	Wind	2011-0060 12/8/2012	12/28/2032
Makila Hydro[b]	0.5	As Available	$ 0.00	On Peak	Hydro	2005-0161 9/22/2006	7/1/2019
			$ 0.00	Off Peak			
Feed-in Tariff	Varies	As Available	$ 0.2193378	Any	Solar	2008-0273	20 years
SSA Solar of HI 3 (SMRR)[c]	2.87	As Available	$ 0.1106	Any	Solar	2015-0225	5/5/2040
SSA Solar of HI 2 (Kuia Solar)[d]	2.87	As Available	$0.1106	Any	Solar	2015-0224	10/4/2040
Avoided Energy Cost Rate			$0.15964	On Peak	Docket No. 7310 Decision and Order No. 24086		
			$0.15213	Off Peak			

a Based on 12-month averages of actual energy costs; does not include capacity payments (if applicable).
b The Makila Hydro, LLC PPC was terminated on 7/1/2019. Makila Hydro, LLC did not sell any energy to Maui Electric in Fiscal Year 2019.
c Energy price based on purchased kilowatt-hours.
d Energy price based on purchased kilowatt-hours.

Power Purchase Agreements in Effect on Molokai Island, FY 2019

MOLOKAI Facility Name	Facility Capacity (MW)	Facility Type	Average FY19 Energy Price ($ per kWh)	Time of Production	Fuel / Energy Source	Identifying Docket or In Service Date	End Date / Term
Feed-in Tariff	Varies	As Available	$ 0.21800	Any	Solar	2008-0273	20 years

Power Purchase Agreements in Effect on Lanai Island, FY 2019

LANAI [a] Facility Name	Facility Capacity (MW)	Facility Type	Average FY19 Energy Price ($ per kWh)	Time of Production	Fuel / Energy Source	Identifying Docket or In Service Date	End Date / Term
Lanai Sustainability Research, LLC	1.2	As Available	$ 0.28276	Any	Solar	2008-0167 12/19/2008	12/19/2033

a There are no FIT projects on Lanai.

Summary of Power Purchase Agreements in Effect on Kauai Island, FY 2019

KAUAI Facility Name	Facility Capacity MW	Facility Type	Average FY19 Energy Price ($ per kWh)	Time of Production	Fuel / Energy Source	Identifying Docket or In Service Date	End Date / Term
Gay & Robinson	1	As Available	$0.1788	Any	Hydro	2000-0086	Year to year
Green Energy [a]	0.13	As Available	$0.0000	Any	Hydro	2007-0059	8/20/2029
Kapaa	1	As Available	$0.2000	Daytime	Solar	2010-0179	3/4/2031
Kauai Coffee	4.8	As Available	$0.2000	Any	Hydro	2012-0150	1/31/2033
Kekaha Ag Assoc	1.5	As Available	$0.0917	Any	Hydro	2001-0055	Year to year
McBryde	6	As Available	$0.2000	Daytime	Solar	2011-0180	12/3/2032
MP2 Kaneshiro	0.300	As Available	$0.2000	Daytime	Solar	2011-0362	1/4/2033
Pioneer Seed	0.25	As Available	$0.1162	Daytime	Solar	2010-0122	Year to year
KRS2 Koloa	12	As Available	$0.1220	Daytime	Solar	2012-0383	9/5/2039
Green Energy	6.7	Baseload	$0.2549	Any	Biomass	2011-0032	1/31/2036
KRS1 Anahola	12	As Available	$0.1280	Daytime	Solar	2011-0323	4/1/2040
SolarCity/Tesla	13	As Available	$0.1390	Any	Solar & Storage	2015-0331	5/25/2036

AES Lawai[b]	20	As Available	$0.0472	Any	Solar & Storage	2017-0018	12/30/2041
Avoided Energy Cost Rate			$0.1442	Docket No. 7310 Decision and Order No. 24086			

a No energy was purchased from the Green Energy hydro facility during FY 2019.
b AES Lawai provided only test energy during FY2019, which is sold at a discount under the PPA.

Overhead and Underground Power Lines

Pursuant to HRS § 269-27.5, whenever a public utility plans to place, construct, erect, or otherwise build a new 46 kV or greater high-voltage electric transmission system above the surface of the ground through any residential area, the Commission shall conduct a public hearing prior to any issuance of approval. Additionally, pursuant to HRS § 269-27.6, for any new 46 kV or greater high-voltage electric transmission system, the Commission shall determine whether the electric transmission system shall be placed, constructed, erected, or built above or below the surface of the ground. The following table summarizes dockets relating to overhead and underground transmission lines during the fiscal year. (As noted above, a number of the HECO Companies' capital expenditure projects include overhead and underground power line components, which are described separately, above).

Docket No.	Company	Status
2018-0056 *Closed*	HECO	The Commission approved HECO's requests for an extension of a 46 kV overhead transmission line located in Kahuku on the island of Oahu to provide interconnection for the Mauka FIT One project to HECO's system.
2018-0068 *Closed*	HECO	The Commission approved HECO's request to commit funds of approximately $4,227,485 for the P0004085 – AES-CEIP 1 138 kV and 46 kV Overhead Transmission Line Relocation Project to relocate a portion of these overhead lines, consistent with the terms of HECO's easement with the landowner.
2019-0070 *Open*	MECO	MECO requests to relocate two existing sections of 69 kV overhead lines and underbuilt 23 kV lines located at Waikapu, Maui to accommodate the development of the Waiko Light Industrial Subdivision. Briefing has recently concluded, and a Commission decision is expected in 2020.
2019-0119 *Open*	HELCO	HELCO requests to construct a relocated 69 kV line to restore connection of Puna Geothermal Venture Generating Facility to HELCO's system, which was previously destroyed during the 2018 Kilauea eruptions in Puna. The docket was suspended pending additional information regarding the renegotiated PPA between HELCO and Puna Geothermal Venture, as well as the status of outstanding permits. On December 31, 2019 HELCO filed its PPA with Puna Geothermal. A public hearing is scheduled for January 29, 2020.

Ratemaking and Tariffs

Note: currently active rate cases for HELCO and HECO are described on page vi, above.

HELCO 2016 Test Year Rate Case
Docket No. 2015-0170, Status: Closed

In Decision and Order No. ("Order No.") 35559, the Commission reviewed testimony, schedules, and other information to determine whether HELCO was entitled to a rate increase based on a 2016 test year. In doing so, the Commission approved a final revenue requirement of $290,659,000, which incorporated a return on common equity of 9.50%, which resulted in an overall rate of return on average rate base of 7.80%, as well as a downward adjustment in revenues of $1,587,000 attributable to the Tax Cuts and Jobs Act of 2017. As a result of this downward adjustment, HELCO's final approved revenue requirement of $290,659,000 represents a decrease of $4,841,000 from its prior current effective rates of $295,500,000.

Subsequently, in Order No. 35709, Commission approved: 1) HELCO's Final Tariffs and Performance Incentive Mechanism ("PIM") Tariffs to take effect October 1, 2018; and 2) refund of $74,000 to ratepayers through the Revenue Balancing Account ("RBA").

Finally, in Order No. 36081, Commission approved modifications to HELCO's automatic fuel adjustment clause, which included renaming it from the Energy Cost Adjustment Clause to the Energy Cost Recovery Clause ("ECRC") and transferring fuel and purchased power costs out of base rates, such that all fuel and purchased power costs are now reflected in the ECRC.

HECO 2017 Test Year Rate Case
Docket No. 2016-0328, Status: Closed

In Order No. 35545, the Commission reviewed testimony, schedules, and other information to determine whether HECO was entitled to a rate increase based on a 2017 test year. In doing so, the Commission approved a final revenue requirement of $1,535,840,000, which incorporated a return on common equity of 9.50%, which resulted in an overall rate of return on average rate base of 7.57%. The final approved revenue requirement of $1,534,840,000 incorporated a number of adjustments, including the impacts of Tax Cuts and Jobs Act of 2017, stipulated customer benefit adjustment arising from HECO's baseline plant expenditures, and another stipulated customer benefit adjustment arising from HECO's decision to forgo filing a rate case in 2014. The final revenue requirement of $1,534,840,000 represented a revenue decrease of $603,000 from HECO's prior current effective rates of $1,535,443,000.

Subsequently, in Order No. 35661, the Commission approved HECO's final tariffs which implemented the rate decrease in Order No. 35545. Order No. 35661 also approved HECO's tariffs related to its Performance Incentive Mechanisms, which were updated to reflect the new rates approved in Order No. 35661.

Finally, in Order No. 35927, the Commission approved HECO's proposed tariff sheets for its revised automatic fuel adjustment clause, which included renaming it from the Energy Cost Adjustment Clause to the ECRC, transferring all fuel and purchased power costs into the ECRC, and incorporating a fuel risk sharing component, such that a portion of fuel cost risks are now shared between HECO and its customers.

MECO 2018 Test Year Rate Case
Docket No. 2017-0150, Status: Closed

In Order No. 36219, the Commission reviewed testimony, schedules, and other information to determine whether MECO was entitled to a rate increase based on a 2018 test year. In doing so, the Commission approved a final revenue requirement of $338,615,000, which incorporated a return on common equity of 9.50%, which resulted in an overall rate of return on average rate base of 7.57%. The final approved revenue requirement of $338,615,000 incorporated a number of adjustments, including the impacts of Tax Cuts and Jobs Act of 2017, stipulated customer benefit adjustment arising from MECO's decision to forgo filing a rate case in 2015 pursuant to the Commission's order, and downward adjustments for a substation project that was not placed in service during the 2018 test year as scheduled. The final revenue requirement of $338,615,000 represented a revenue increase of $12,199,000 from MECO's prior current effective rates of $326,416,000.

Subsequently, in Order No. 36323, the Commission approved MECO's final tariffs, which implemented the rate increase. Order No. 36323 also approved a refund plan, under which MECO returned to customers revenues collected in interim rates that were associated with the substation project that was ultimately not placed into service during the test year. MECO was also instructed to refund customers over-collected revenues associated with MECO's Fast DR Incentive program. Order No. 36323 also approved MECO's tariffs related to its Performance Incentive Mechanisms, which were updated to reflect the new rates approved in Order No. 36219.

Finally, in Order No. 36365, the Commission approved MECO's proposed tariff sheets for its revised automatic fuel adjustment clause, which included renaming it from the Energy Cost Adjustment Clause to the Energy Cost Recovery Clause, transferring all fuel and purchased power costs into the ECRC, and incorporating a fuel risk sharing component, such that a portion of fuel cost risks are now shared between MECO and its customers.

Financing

Approval to Recover Implementation Costs Related to the On-Bill Financing Program
Docket No. 2017-0102; Closed

On March 11, 2019, the Commission issued Order No. 36212, which approved with modifications, the HECO Companies' request to recover up to $2,330,408 for costs incurred to implement an on-bill financing program for the Hawaii Green Infrastructure Authority's Green Energy Market Securitization loans. Pursuant to Order 36212, the HECO Companies may recover these costs via the RBA over a period of two years, commencing with the 2019 RBA rate adjustment.

Letter Request for Expedited Approval of its Second Amended and Restated Revolving Syndicated Credit Facility Agreement
Docket No. 2017-0227; Closed

On August 29, 2017, HECO filed a letter request seeking approval of a renegotiated Amended and Restated Credit Agreement, to take advantage of existing market conditions. In addition to incorporating more favorable terms, HECO sought to extend the term of the credit agreement, set to expire in June 29, 2018, through June 30, 2022. On March 31, 2018, the Commission issued Order No. 35338, which approved HECO's request, but required HECO to file an annual report detailing any draws made pursuant to the credit agreement.

Approval of Issuance of Unsecured Obligations and Guarantee
Docket No. 2017-0248; Closed

On September 22, 2017, the HECO Companies submitted an application seeking approval to issue taxable, long-term debt, unsecured obligations in amounts up to $280 million for HECO, up to $30 million for HELCO, and up to $10 million for MECO. The obligations would be issued in the form of bonds, notes, debentures, or other terms, and could be issued over a four-year period between 2018 to 2021. Alternatively, if the Commission was not inclined to allow debt issuance over a multi-year period, the Companies requested that for 2018, HECO be allowed to issue up to $75 million in obligations, HELCO up to $15 million, and MECO up to $10 million.

On April 30, 2018, the Commission issued Order No. 35423, which approved the Companies' alternative request by authorizing the Companies to issue taxable debt on or before December 31, 2018, in amounts of up to $75 million for HECO, up to $15 million for HELCO, and up to $10 million for MECO in one or more private placements. However, the Commission also approved the use of an expedited approval process for the Companies, in the event that they could not issue all of the authorized debt amount in 2018 and sought to issue the remaining balance during the 2019-2021 period. On August 10, 2018, the Companies filed a report detailing the results of the private placement debt financing, which closed on May 30, 2018. On February 7, 2019, the Commission officially closed the docket, noting the Companies' August 10, 2018 compliance report.

Approval of the Issuance and Purchase of Common Stock
Docket No. 2018-0089; Closed

On October 22, 2018, the Commission approved the HECO Companies' request to issue and sell up to $430,000,000 in HECO common stock to Hawaii Electric Industries, Inc. (HECO's parent company) and HELCO and MECO's requests to each issue up to $110,000,000 in common stock to HECO (HELCO and MECO's parent company). The proceeds from these stock issuances will be used to finance capital expenditures, retire short-term debt, and to reimburse funds used for the payment of capital expenditures. The stock may be issued in one or more sales on or before December 31, 2022, at a purchase price per share equal to the greater of the book value per share of the common stock on the last day of the month prior to the date of issuance or $80.00 per share for HECO and HELCO and $115.00 per share for MECO. On February 6, 2019, the HECO Companies filed a report detailing the results of the stock issuances, which took place on December 27 and 28, 2018.

Approval of Issuance of Unsecured Obligations and Guarantee
Docket No. 2018-0168; Closed

On January 31, 2019, the Commission issued Order No. 36138, which approved the HECO Companies' request to issue taxable, long-term unsecured obligations, such as bonds, notes, or debentures. In doing so, the Commission observed that the Companies' increase in financing requests was largely attributable to the impacts of the Tax Cuts and Jobs Act of 2017, which affected the Companies' finances. As a result, the Commission extended the period by which HECO and HELCO could issue previously approved (see Docket No. 2017-0248) taxable, long-term unsecured obligations of up to $215,000,000 for HECO and up to $15,000,000 for HELCO, through 2019-2020. In addition, to the extent the full authorized amount is not issued in the 2019-2020 period, the Commission authorized HECO and HELCO to use an expedited process to seek permission to issue any remaining authorized amounts during 2021-2022. Lastly, the Commission granted the HECO Companies' request to refinance their 2004 QUIDS (a hybrid stock) with taxable debt, which would allow the Companies to take advantage of more favorable interest expenses. On October 29, 2019, the Companies filed a report detailing the results of the private placement debt financing, which closed on May 13, 2019.

Letter Request for Expedited Approval to Refinance During 2019 One Outstanding Series of Revenue Bonds Through the Issuance of Refunding Special Purpose Revenue Bonds
Docket No. 2018-0208; Closed

On February 26, 2019, the Commission issued Order No. 36186, which approved a request from HECO and HELCO to issue tax exempt revenue bonds in the amounts of up to $90,000,000 for HECO and up to $60,000,000 for HELCO. The purpose of the bond issuance was to refinance existing tax exempt revenue bonds issued in 2009 at lower interest rates. On September 11, 2019, HECO and HELCO submitted a report detailing on the results of the bond sale, which closed on July 18, 2019.

Approval of Projects to be Financed Through the Sale of Special Purpose Revenue Bonds, Certification that the Projects are for the Local Furnishing of Electric Energy, Etc.
Docket No. 2018-0387; Open

On October 26, 2018, the HECO Companies submitted an application seeking Commission approval to issue and sell special purpose revenue bonds prior to June 30, 2020, in one or more offerings, to finance a number of capital expenditure projects, pursuant to Act 75 of the 2015 Session Laws of Hawaii, along with related approvals necessary for implementation. The Companies explained that their request was part of a larger strategy to raise capital by gaining approval to issue a combination of long-term taxable debt and special purpose revenue bonds to allow the Companies to determine which security type is more favorable based on market conditions at the time of issuance. The Companies sought approval to issue up to $80 million in revenue bonds, with up to $70 million for HECO, up to $2.5 million for HELCO, and up to $7.5 million for MECO.

On May 24, 2019, the Commission issued Order No. 36630, approving the Companies request, subject to certain conditions, including that approval is limited to fixed rate special purpose revenue bonds of 6.0% and that the Companies are required to file a copy of the principal financing documents and a report detailing the results of each of the Act 75 special purposes revenue bond financings as soon as practicable.

Fuel Contracts

Approval of the Biodiesel Supply Contract with Pacific Biodiesel Technologies, LLC, and to Include the Biodiesel Supply Contract Costs in HECO's Energy Cost Adjustment Clause
Docket No. 2017-0393; Closed

On July 26, 2018, in Order No. 35603, the Commission approved a biodiesel supply contract, dated October 27, 2017, between HECO and Pacific Biodiesel Technologies, LLC. HECO will be subject to reporting requirements and will be allowed to include the costs of the approved contract in its Energy Cost Adjustment Clause (which has since been re-designated as the Energy Cost Recovery Clause), to the extent that costs are not recovered in HECO's base rates. The Commission, on its own motion, also modified a condition governing the Schofield Generating Station ("SGS"), which partially runs on biodiesel, to accommodate the approved contract, in order to allow HECO to avoid burning additional fossil fuels to meet contract requirements.

Approval of Petroleum Fuel Supply Contract with Par Hawaii Refining, LLC and Fuel Terminalling Agreement with IES Downstream, LLC and to Include the Contracts' Costs in the Companies' Energy Cost Adjustment Clause
Docket No. 2018-0413; Closed

On April 25, 2019, the Commission approved the Supply Contract for Petroleum Fuels between the HECO Companies and Par Hawaii Refining, LLC, dated January 21, 2019 and the Fuel Terminalling Agreement between HELCO and IES Downstream, LLC, dated December 3, 2018. The Commission also approved the HECO Companies' request to recover these fuel contract costs through their respective ECRCs, to the extent that they are not recovered in base rates.

Petitions and Complaints

Peter Bosted and Ann Bosted, Complainants vs. HECO and HELCO, Respondents
Docket No. 2016-0224; Open

On August 20, 2016, Peter and Ann Bosted filed a complaint against HECO and HELCO for not holding developers of a 6.5 MW solar project in Ocean View in compliance with the FIT program.

Peter and Ann Bosted filed their direct testimonies on September 15, 2017 after asking for extensions and on September 19, 2017, the Direct Testimony of Kevin White, the Authorized Representative of Intervenors Kona 50-18, LLC et al was filed. On December 1, 2017, the Rebuttal Testimony of Peter and Ann Bosted was filed and in April 2018, they also filed a request for certain documents from Kona 50-18, LLC et al, including purchase and sale agreements and operating agreements for the Intervenors' FIT projects.

After reviewing the testimonies and filings of the parties, the Commission filed an order on December 17, 2019, instructing the Parties to submit a joint stipulated statement of facts, and briefing addressing whether the FIT projects that are being challenged in the docket should be considered individually or in the aggregate for purposes of determining whether they comply with the Commission's directives concerning both the FIT Program and the Competitive Bidding Framework.

Edward C. Murley, Complainant vs. HECO, Respondent
Docket No. 2018-0109; Open

On May 10, 2018, Edward C. Murley filed a formal complaint against HECO asserting that HECO did not provide proper notice under the notice procedure in Docket No. 2013-0082, Order No. 33166. HECO replaced seven utility poles that increased in height and girth at Pukalani Place. The Commission suspended activity until after HECO and Mr. Murley went into mediation, but they were unable to reach an agreement. HECO and Mr. Murley filed a Stipulated Procedural Schedule, which was approved by the Commission on November 6, 2019. Pursuant to the Stipulated Procedural Schedule, briefing concluded in December 2019, and a Commission decision is expected in 2020.

Life of the Land, Complainant vs. HECO Companies and The Gas Company, LLC dba Hawaii Gas, Respondents
Docket No. 2018-0406; Open

On December 3, 2018, Life of Land filed a formal complaint against the HECO Companies and Hawaii Gas. Life of Land requested that the HECO Companies and Hawaii Gas each submit a plan to reduce their system-wide life cycle greenhouse gas emissions by fifty percent within 10 years. Life of the Land's formal complaint is pending before the Commission.

Miscellaneous

Application for a Financing Order to Issue Bonds and to Authorize the Green Infrastructure Fee Application for an Order Approving the Green Infrastructure Loan Program
Docket No. 2014-0134, Open
Docket No. 2014-0135, Open

The Green Energy Market Securitization Program ("GEMS") was established through Act 211, Session Laws of Hawaii 2013 ("Act 211"), codified in HRS Chapter 196, Part IV. Act 211 allowed GEMS to access funding from the Public Benefit Fee, and established the Hawaii Green Infrastructure Authority ("HGIA"), as the administrative authority for the GEMS Program.

In Decision and Order No. 32281, the Commission required that the Green Infrastructure Fee ("GIF") be reviewed and adjusted by true-up semiannually. Each true-up adjustment is designed to correct for any over-collections or under-collections of GIF through the proposed True-Up Adjustment Date, and ensure that the expected GIF remittances to the Trustee during the applicable collection period are adequate. On January 16, 2019, the Commission approved a GIF Semiannual true-up adjustment.

The Commission continues to review requests filed by HGIA in relation to the GEMS Program.

On December 6, 2018, the Commission approved the On-Bill Repayment Mechanism, which was jointly filed by HGIA and HECO. In a letter to the Commission dated August 20, 2019, HGIA reported a remaining $34 million GEMS funds available to lend, which will be used to finance eligible projects for Low and Moderate-Income single-family residential homeowners and renters, small businesses, multi-family rental projects, and non-profits.

Approval of an Enterprise Resource Planning and Enterprise Asset Management System Implementation Project and Related Accounting Treatment
Docket No. 2014-0170; Open

On July 23, 2014, the HECO Companies submitted an application for approval to commit funds to replace their Ellipse enterprise resource planning system with a new Enterprise Resource Planning and Enterprise Asset Management System ("ERP/EAM").

The ERP/EAM System is comprised of five inter-related projects: (1) Discovery; (2) High-Level Business Case; (3) Software and System Integrator Selection, Commission Application, and Preliminary Implementation Project, also known as Selection and Pre-Implementation; (4) Implementation; and (5) Stabilization, also known as Post-Implementation. Docket No. 2014-0170 involves the Implementation phase of this project, and includes the sub-phases of: (1) project preparation; (2) business blueprint; (3) realization; (4) final preparation; (5) Go-Live; and (6) Run Systems, Applications and Products ("SAP").

On October 1, 2018, the HECO Companies commenced their implementation of the ERP/EAM System; i.e., the Go-Live sub-phase.

Following Go-Live, the conclusion of the three-month Post Go-Live Support Phase, and the completion of all key deliverables, the HECO Companies, on December 31, 2018, closed the ERP/EAM System's Implementation phase.

On January 1, 2019, the HECO Companies commenced with the ERP/EAM System's twelve-year Stabilization/Post-Implementation phase. During this phase, customer benefits (i.e., cost savings) attributable to the ERP/EAM System will begin to ramp up in 2019 and reach full benefits realization levels (i.e., steady state) by January 1, 2020.

Based on key developments undertaken and completed during the Post-Implementation phase, a variety of Commission-accepted filings, mechanisms, reporting, and monitoring features are firmly in place that will ensure that a minimum of $246 million in overall net benefits are passed on to ratepayers during the twelve-year service life of the ERP/EAM System. This foundation ensures that customer benefits will continue to be provided according to this framework in the future.

That being said, this foundation may need to be revised and/or refined over the next twelve years based on future related developments. In this regard, the foundation is intended to serve as a “backstop” to ensure customer benefits, while also incorporating flexibility to adapt to changes in circumstances.

The Commission will continue its rigorous review of the Companies’ monthly status reports and seek clarification from the Companies when necessary to ensure that compliance the foundational plan described above is being maintained.

Approval to Defer Consultant Outside Services Costs Incurred in the Development of the Interim and Updated Power Supply Improvement Plans
Docket No. 2016-0156; Closed

On June 20, 2016, the HECO Companies submitted an application requesting approval to use deferred accounting treatment for its outside consultant costs related to the Companies’ Power Supply Improvement Plans. Subsequently, on July 2, 2018, the Companies submitted a withdrawal of their application, noting that recovery of these consultant costs had been addressed into HECO’s 2017 test year rate case, Docket No. 2016-0328. On July 17, 2018, the Commission issued order No. 35573, accepting the HECO Companies’ withdrawal.

Approval to Recover Costs for Items X0003, Ka‘ono‘ulu Substation, Transformers #1 and #2, Transmission and Distribution 69 kV and 12.47 kV Circuits, Telecommunication and land Acquisition, and X00004, Etc.
Docket No. 2016-0219; Closed

On August 25, 2016, MECO submitted an application to recover costs for Items X00003, the Ka'ono'ulu Substation, and X00004, the Kuihelani Substation, above the 2017 RAM Cap. Both of these projects had previously been approved by the Commission, and MECO sought to recover the projects’ costs in advance of MECO’s next scheduled rate case (set for a 2018 test year).

On July 25, 2018, the Commission issued Order No. 35602, which dismissed MECO’s application without prejudice, finding that the issue of cost recovery for these substation projects could be better addressed in the (then) ongoing 2018 test year MECO rate case (Docket No. 2017-0150).

Approval to Recover Costs for Schofield Generating Station Through the Major Project Interim Recover Adjustment Mechanism
Docket No. 2017-0213; Closed

On August 14, 2017, HECO submitted an application requesting cost recovery for costs associated with the Schofield Generating Station (“SGS”) through the Major Project Interim Recovery (“MPIR”) mechanism, until project costs could be incorporated into HECO’s next rate case. On June 27, 2018, the Commission issued Order No. 35556, which approved HECO's request to recover the project's capital costs through the MPIR mechanism, but deferred inclusion of the project's operations & maintenance costs, pending further supporting material.

On September 6, 2018, HECO submitted supplemental material in support of the project's operations & maintenance costs, and the Commission approved MPIR recovery of those costs on December 14, 2018, in Order No. 35953; however, the Commission declined to allow recovery of those costs retroactive to June 27, 2018 (the date of Order No. 35556), and instead only allowed inclusion of operations & maintenance costs accrued since the date of HECO's supplemental material, September 6, 2018.

Approval to Sell a Utility Substation Property in Paia, Maui
Docket No. 2017-0423; Closed

On December 7, 2017, MECO submitted an application seeking approval to sell certain land in Paia, Maui, that had previously been the site of a MECO substation. MECO stated that all gains from the sale of the land would be passed on to MECO customers. On June 7, 2018, the Commission issued Order No. 35519, which approved MECO's request, including proposed accounting treatment that would allow MECO to amortize the net gain from the sale over three years. In addition, the Commission ordered that the impacts from the gain on the sale of the property would be incorporated into MECO's (then) pending 2018 test year rate case, Docket No. 2017-0150. On January 8, 2019, the Commission issued Order No. 36047, closing the docket, noting that MECO had submitted its final accounting from the sale of the property on December 4, 2018.

Approval to Sell Certain Utility Property to Support the Puerto Rico Hurricane Restoration Efforts as a Result of Hurricane Maria
Docket No. 2018-0049; Open

On March 5, 2018, the Commission opened this docket to review and receive filings related to HECO's requests for approval to sell certain utility property to support the Puerto Rico hurricane restoration efforts, as well as grant interim approval to HECO, on a prospective basis, for asset sales negotiated by HECO in February 2018 for this purpose. On May 2, 2019, the HECO Companies submitted a letter indicating that there is no future need for transactions involving the Companies related to the hurricane relief efforts. On May 28, 2019, the Commission instructed the Parties to propose a procedural schedule to resolve this proceeding, and on June 7, 2019, the HECO Companies submitted a letter informing the Commission that they had entered into settlement discussions with the DCA and intend to file a settlement agreement. Settlement discussions are currently ongoing.

Letter Request for Emergency Expedited Action to Transfer Certain Utility Property Related to Hurricane Lane Recovery Support Efforts
Docket No. 2018-0207; Closed

The Commission approved the transfer of certain utility property from HECO and HELCO to MECO, to support MECO's completed efforts to restore normal electrical service on the island of Maui in the aftermath of Hurricane Lane and a brush fire in Lahaina.

The Commission approved the request to issue up to $90 million for HECO and $60 million for HELCO, in Refinancing Bonds, in participation with the State Budget & Finance office, through December 31, 2020, within the parameters approved in Docket No. 2016-0373 and subject to certain reporting requirements; the related request to purchase insurance and/or obtain some other form of credit enhancement facility in connection with the Refinancing

Bonds; and HECO's related request to guarantee the obligation of HELCO in connection with the Refinancing Bonds.

Approval to Establish Schedule EV-MAUI Electric Vehicle Fast Charging Service and Related Accounting Treatment
Docket No. 2018-0422; Open

On December 21, 2018, MECO submitted an application seeking approval of a new tariff to govern electric vehicles ("EVs") on Maui, as well as to defer associated operations & maintenance costs associated with assuming ownership of several EV charging stations. On March 22, 2019, the Commission issue Order No. 36229, which denied MECO's proposed Schedule EV-MAUI without prejudice, and provided MECO with guidance on how to proceed. In particular, the Commission instructed MECO to prepare a revised tariff that better aligns with MECO's system costs during the daytime period to better incent EV charging during hours that are beneficial to the grid. The Commission also conditioned approval of deferred accounting for related operations & maintenance costs on MECO's development of a shared savings mechanism, such that MECO and its customers will share in the costs and revenues associated with the EV charging stations.

On August 8, 2019, MECO submitted a revised EV-MAUI tariff, to which the Consumer Advocate provided comments on October 21, 2019. On January 10th, the Commission issued Decision and Order No. 36943, approving MECO's Revised Schedule EV-MAUI EV fast-charging service tariff and accompanying proposal to own and operate four EV charging stations that are currently part of the EV direct current fast charger EVohana network.

Approval of a Template Master License Agreement for Pole Attachments
Docket No. 2019-0032; Closed

Pursuant to an agreement with Hawaiian Telcom, the HECO Companies acquired ownership of Hawaiian Telcom's utility poles. As a result, the Companies submitted an application requesting approval of joint pole agreements with telecommunication providers that were impacted by this assignment of pole ownership. The Commission approved the Companies' licensing agreements, subject to certain revisions provided by the Commission. The Commission also instructed the HECO Companies to submit an annual report detailing all attachment and ancillary revenues received from pole attachments, as well as quarterly status reports on the status of ongoing negotiations with other telecommunications companies who previously had pole attachment agreements with Hawaiian Telcom.

Approval to Modify the PIM Tariffs for Changes in the Measurement of the SAIDI and SAIFI PIMS and Approval to Adjust the Call Center Performance PIM Target for HELCO
Docket No. 2019-0110; Open

On May 24, 2019, the HECO Companies submitted an application requesting approval to modify their existing Performance Incentive Mechanisms ("PIM") tariffs to reflect proposed changes to the measurements used to calculate the PIMs. In particular, the Companies seek a change to the PIMs measuring service reliability, based on recent experiences in performing system maintenance. Briefing by the parties concluded in November 2019, and a decision is expected in 2020.

Approval of the Sale of One Trimble R8 Model 3 GNSS Receiver
Docket No. 2019-0126; Closed

On June 13, 2019, HECO submitted an application requesting approval to sell a Trimble R8 Model 3 GNSS Receiver to Frontier Precision, Inc., for a trade-in value of $5,000, which would be used towards the purchase of a new Trimble R10 Model 2 GNSS Receiver. On October 25, 2019, the Commission issued Order No. 36707, which approved HECO's request, noting that the Receiver was no longer of value to HECO and that the $5,000 in trade-in value represented the most valuable use of the Receiver under the circumstances.

Reliability and Quality of Service

The annual service reliability reports submitted to the Commission by the HECO Companies and KIUC provide information by calendar (not fiscal) year. Reliability indices are calculated using the data from system outages that cause sustained interruptions.

Reliability Indices: SAIDI and SAIFI

Although there are a variety of reliability indices, there are two that are both in widespread use and are currently being used as a measure of performance for the HECO Companies. These indices include SAIDI and SAIFI, further described in the box below.

SAIDI: ***System Average Interruption Duration Index: the average length of time the company's customers is out of power during the year, i.e. "minutes."***
SAIFI: ***System Average Interruption Frequency Index: the frequency or number of times a company's customers experience an outage during the year, i.e. "interruptions."***

Guidelines used by the HECO Companies

The reliability indices for 2013 – 2018 reported in each of the HECO Companies' respective Annual Service Reliability Report for 2018 use guidelines outlined in IEEE Std. 1366™-2012: *IEEE Guide for Electric Power Distribution Reliability Indices* ("IEEE 1366"). Indices reported on a normalized basis exclude Major Event Days ("MEDs"). MEDs are defined as days in which the daily system SAIDI exceeds the MED threshold value ("TMED"). According to the HECO Companies, statistically, days having a daily system SAIDI greater than TMED indicate days on which the energy delivery system experienced stresses beyond that normally expected (such as during severe weather). In calculating the daily system SAIDI, any interruption that spans multiple calendar days in accrued to the day on which the interruption began.

The IEEE 1366 explains that the purpose of removing MEDs is:

> ……to allow major events to be studied separately from daily operation, and in the process, to better reveal trends in daily operation that would be hidden by the large statistical effect of major events… Activities that occur on days classified as MEDs should be separately analyzed and reported.[6]

and recommends that:

[6] IEEE 1366, page 10.

indices should be calculated for two conditions:

1) All events included
2) MEDs removed[7]

IEEE 1366 also discussed special treatment for “catastrophic days”:

> ……a certain number of [utilities] have experienced large-scale events (such as hurricanes or ice storms) that result in unusually sizable daily SAIDI values. The events that give rise to these particular days considered “catastrophic events,”…could cause a relatively minor upward shift in the resulting reliability metric trends…
>
> It is recommended that the identification and processing of catastrophic events for reliability purposes should be determined on an individual company basis by regulators and utilities since no objective method has been devised that can be applied universally to achieve acceptable results.[8]

The HECO Companies’ respective, reported SAIDI and SAIFI reliability indices for 2013 through 2018 are provided in the tables below.

HECO				
	SAIDI (minutes), Generation, Transmission, and Distribution events		**SAIFI** (interruptions), Generation, Transmission, and Distribution events	
Year	**All Interruptions**	**Normalized**	**All Interruptions**	**Normalized**
2013	121.28	108.24	1.268	1.216
2014	107.30	107.30	1.280	1.280
2015	151.95	99.34	1.911	1.454
2016	109.33	83.24	1.300	1.002
2017	138.65	96.58	1.400	1.150
2018	123.41	111.94	1.326	1.253

HELCO				
	SAIDI (minutes), Generation, Transmission, and Distribution events		**SAIFI** (interruptions), Generation, Transmission, and Distribution events	
Year	**All Interruptions**	**Normalized**	**All Interruptions**	**Normalized**
2013	198.14	126.64	3.124	2.824
2014	953.50	172.43	3.916	2.726
2015	474.78	154.08	4.127	2.298
2016	176.12	145.12	2.326	2.193
2017	186.14	135.05	1.784	1.515
2018	230.71	230.71	2.539	2.539

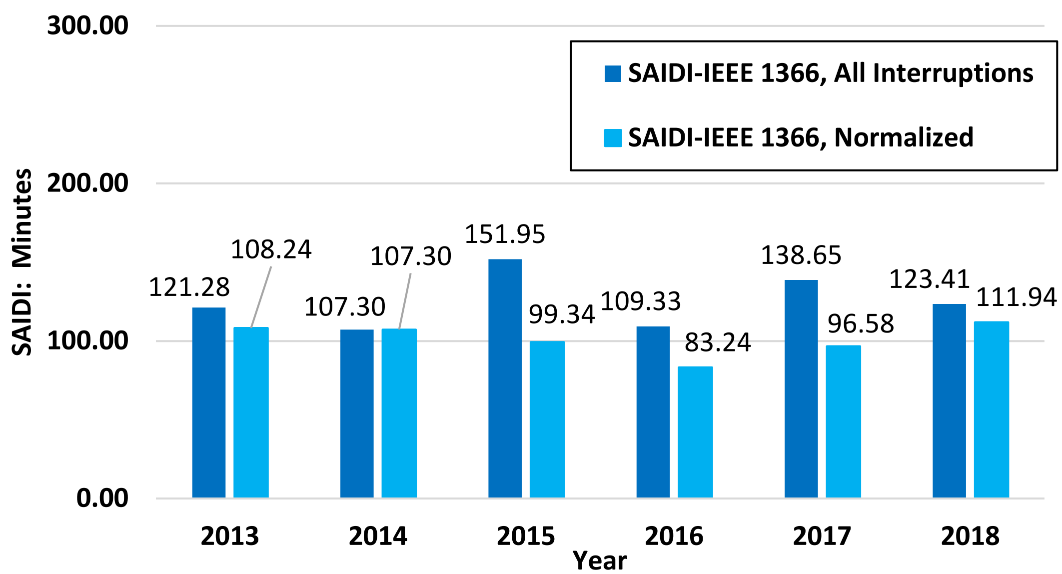
[7] IEEE 1366, page 13.
[8] IEEE 1366, “5.3 Major Event Days and catastrophic days,” pages 19-20.

MECO				
	SAIDI (minutes), Generation, Transmission, and Distribution events		**SAIFI** (interruptions), Generation, Transmission, and Distribution events	
Year	**All Interruptions**	**Normalized**	**All Interruptions**	**Normalized**
2013	191.15	121.87	1.933	1.589
2014	188.25	144.83	2.516	2.119
2015	455.33	134.03	3.040	1.625
2016	186.87	135.18	2.001	1.608
2017	831.18	150.62	3.495	1.653
2018	476.53	228.04	3.366	2.526

HECO Service Quality

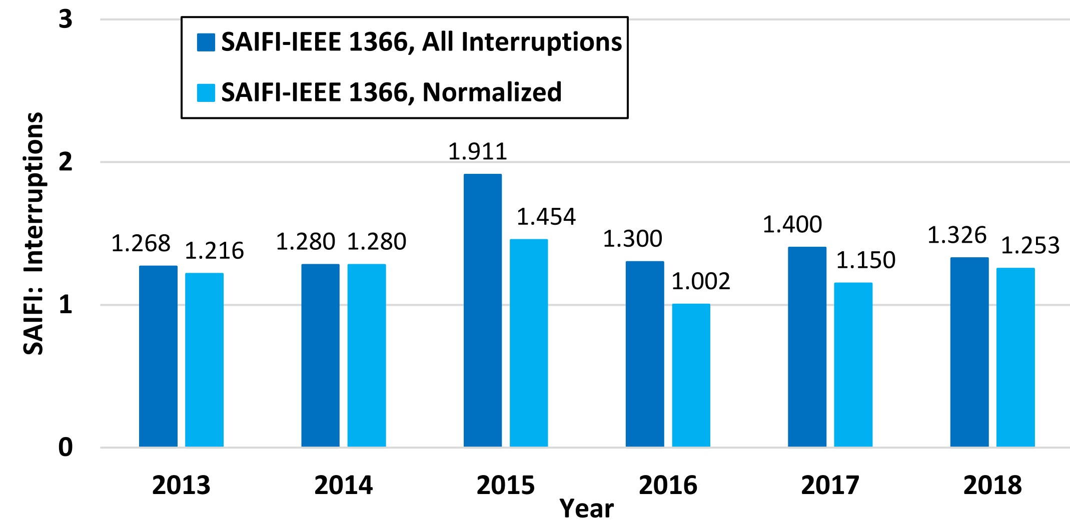
HECO's reported SAIDI and SAIFI reliability indices for 2018 and the prior five years, using the IEEE 1366 guidelines, are shown in Figure 6 and Figure 7, respectively.[9]

Figure 6 – HECO System Average Interruption Duration Index
(Generation, Transmission, and Distribution events)



[9] Exclusions include: 2/17/13 due to equipment deterioration along Kamehame Ridge; 1/2/15 and 2/5/17 due to high winds and vegetation; 2/14/15, 2/19/15, and 1/22/17 due to high winds; 7/24/16 due to flooding at Iwilei Substation and surrounding area, 1/21/17 due to trees/branches and high winds; 8/24/18 due to effects of Hurricane Lane; and 9/12/18 due to the effects of Tropica Storm Olivia and equipment deterioration.

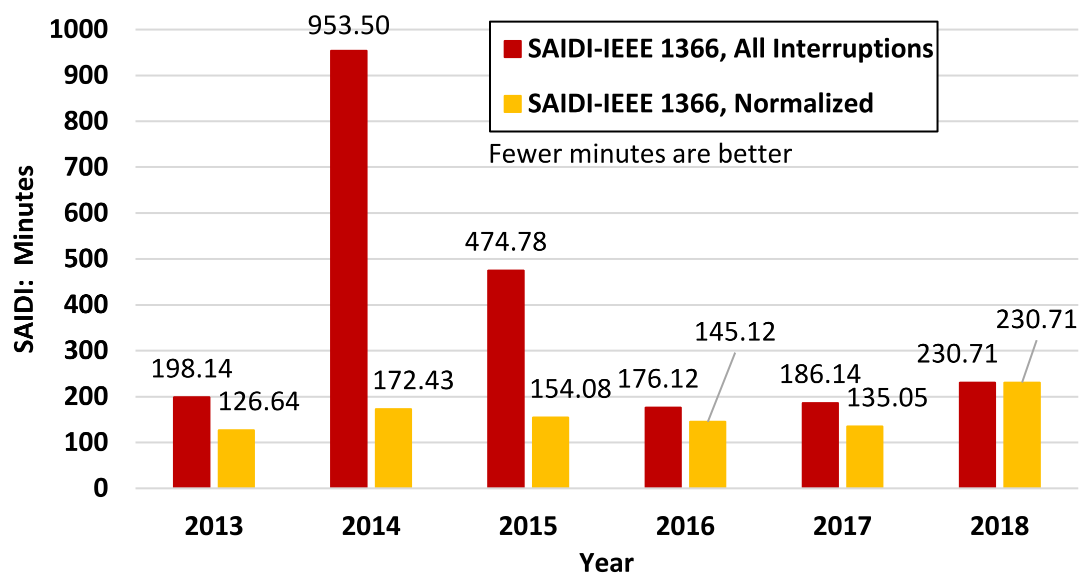
Figure 7 – HECO System Average Interruption Frequency Index
(Generation, Transmission, and Distribution events)



HELCO Service Quality

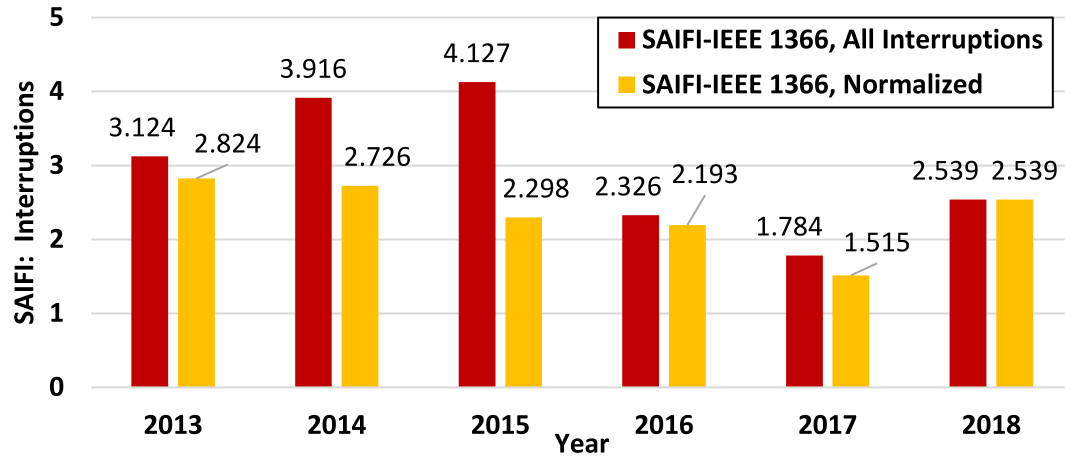
HELCO's reported SAIDI and SAIFI reliability indices for 2018 and the prior five years, using the IEEE 1366 guidelines, are shown in Figure 8 and Figure 9, respectively.[10]

Figure 8 – HELCO System Average Interruption Duration Index
(Generation, Transmission, and Distribution events)



[10] Exclusions include: 6/26/13 and 6/27/13 due to Waimea Substation upgrade; 7/29/13 due to the effects of Tropical Storm Flossie; 8/13/13 and 8/14/13 due to Waimea Switching Station upgrade; 1/22/14 due to high winds and vegetation; 8/7/14, 8/8/14, and 8/16/14 due to effects of Hurricane Iselle; 12/24/14 due to underfrequency load shed due to Independent Power Producer equipment trip and motor vehicle accident; 1/2/15, 1/3/15, 2/14/15, and 12/5/17 due to high winds; 7/23/16 due to effects of Tropical Storm Darby; and 9/21/17 due to scheduled substation maintenance.

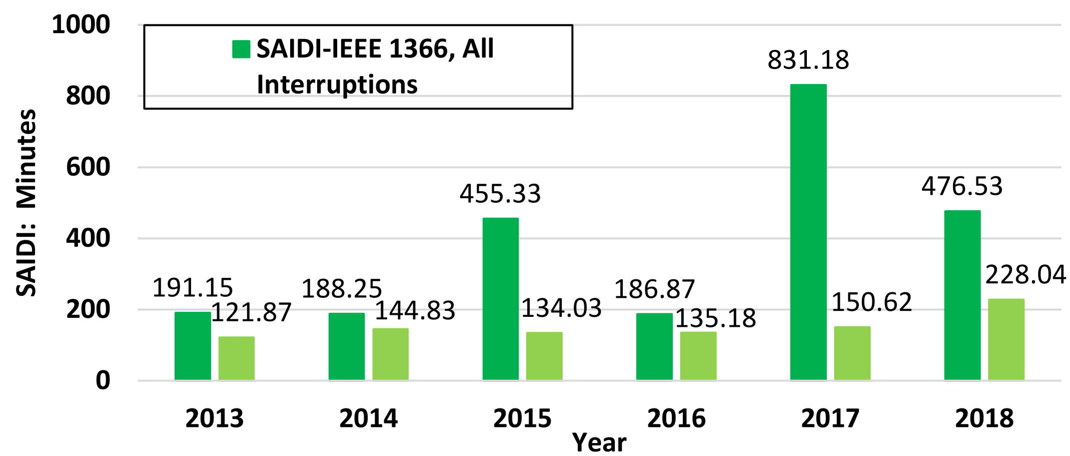
Figure 9 – HELCO System Average Interruption Frequency Index
(Generation, Transmission, and Distribution events)



MECO Service Quality

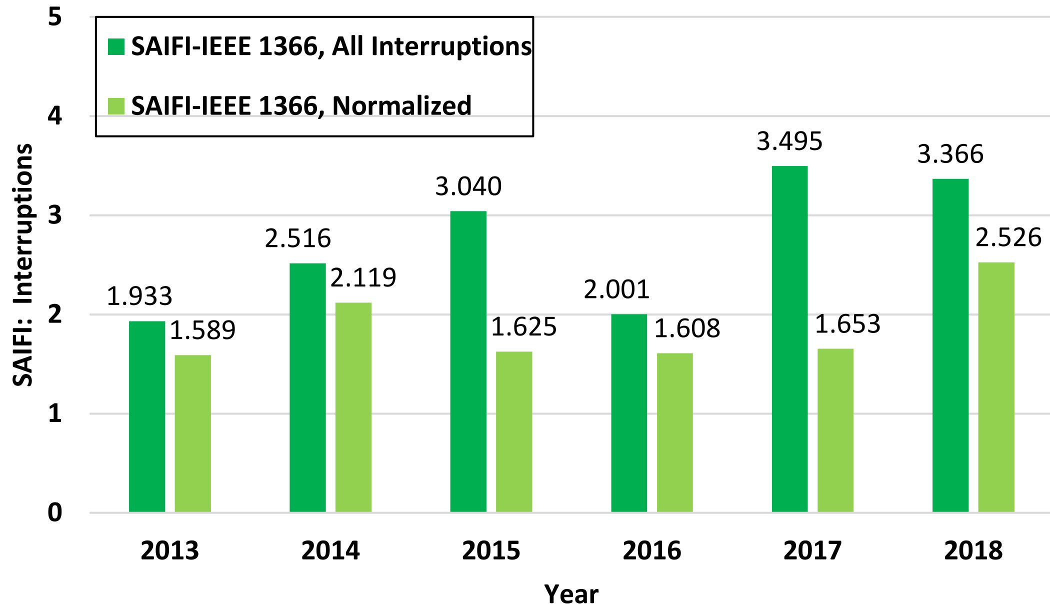
MECO's reported SAIDI and SAIFI reliability indices for 2018 and the prior five years, using the IEEE 1366 guidelines, are shown in Figure 10 and Figure 11, respectively.[11]

Figure 10 – MECO System Average Interruption Duration Index
(Generation, Transmission, and Distribution events)



[11] Exclusions include: 1/5/13 due to trees or branches in line during high winds on Maui; 7/29/13 due to effects of Tropical Storm Flossie on Maui; 7/11/14 due to unknown on company generation on Lanai; 8/7/14 and 8/8/14 due to effects of Tropical Storm Iselle on Maui; 10/7/14 due to substation equipment failure on Maui; 1/2/15 and 1/3/15 due to Kona Storm on Maui; 2/14/15 due to Valentine's Day storm on Maui; 2/24/15 due to unknown and equipment deterioration on Maui; 11/19/15 due to trees or branches in lines on Maui; 11/20/15 due to motor vehicle accident and trees or branches in lines on Maui; 12/18/15 due to substation equipment failure on Maui; 4/3/16 due to motor vehicle accident on Maui; 7/2/16 due to West Maui Mountains wild fire on Maui; 12/18/16 due to trees or branches in lines during high winds on Maui; 1/21/17 due to high winds on Lanai; 3/2/17 due to under frequency load shed on Maui; 10/24/17 due to an island-wide outage on Maui; 11/26/17 due to under frequency load shed and a fault caused by tree branch on Maui; 8/23/18 and 8/24/18 due to effects of Hurricane Lane on Maui; 9/12/18 due to effects of Tropical Storm Olivia on Maui; and 10/20/18 under-frequency load shedding due to rapid drop in as-available generation on Maui.

Figure 11 – MECO System Average Interruption Frequency Index
(Generation, Transmission, and Distribution events)



KIUC Service Quality

Methodology used by KIUC

KIUC calculates reliability indices using the data from all sustained (i.e., one minute or longer) system interruptions. KIUC's reported SAIDI and SAIFI reliability indices for 2018 and the prior four years are shown in Figure 12 and Figure 13, respectively.

Figure 12 – KIUC System Average Interruption Duration Index
(Generation, Transmission, and Distribution events)

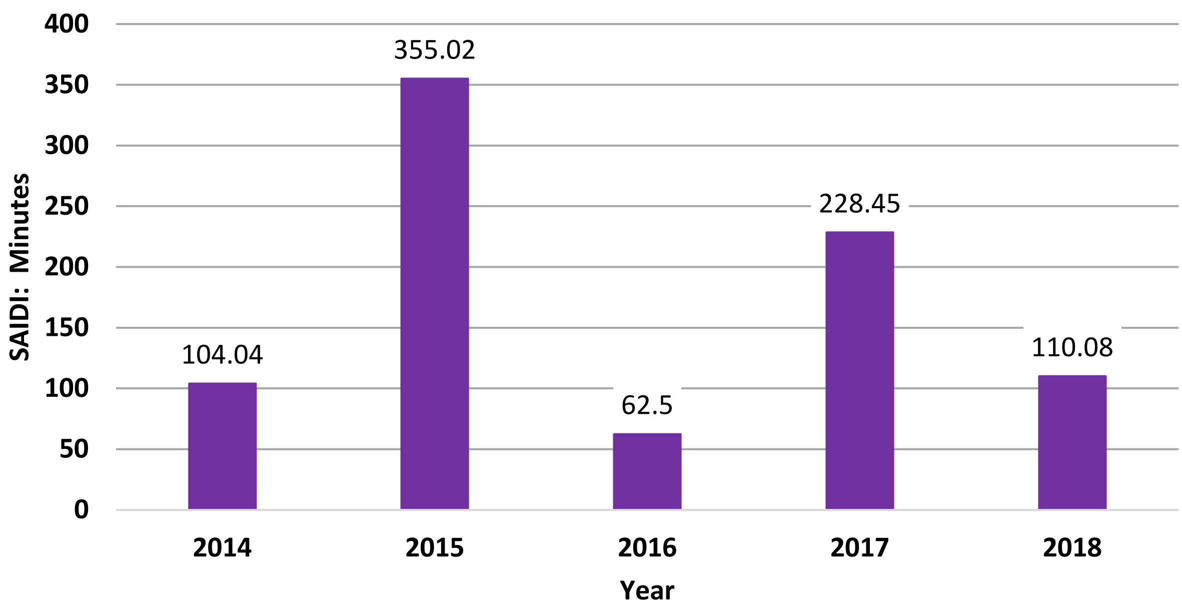
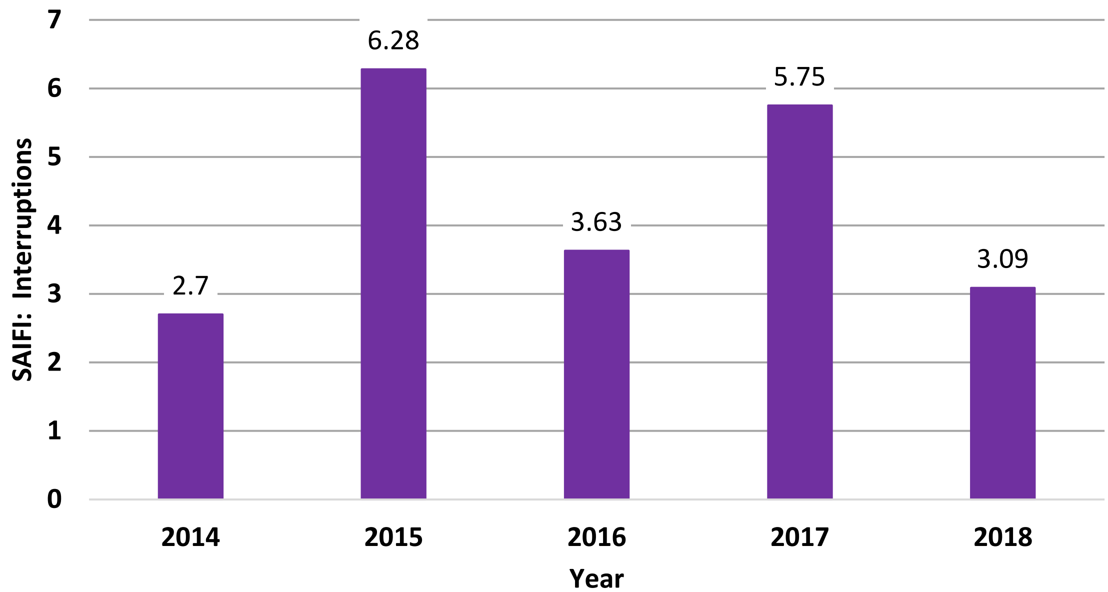


Figure 13 – KIUC System Average Interruption Frequency Index
(Generation, Transmission, and Distribution events)



C. Gas

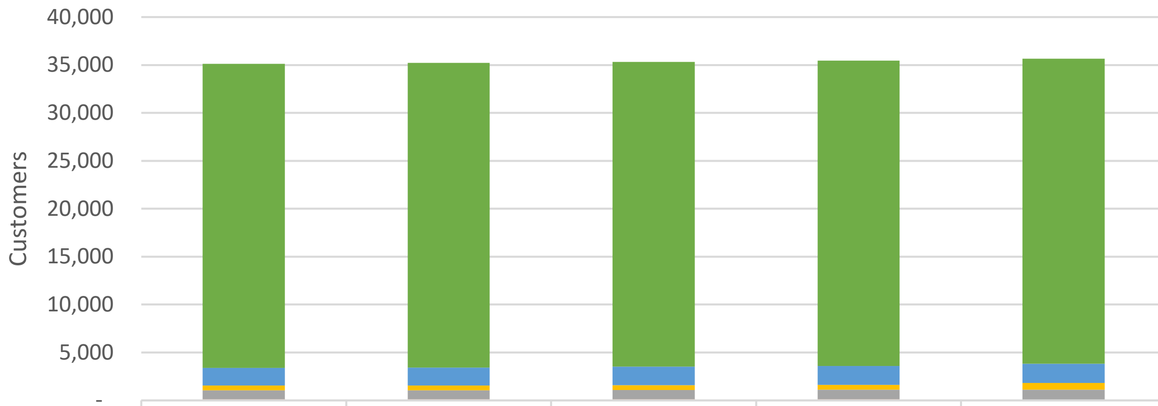
The Gas Company, LLC dba Hawaii Gas ("Hawaii Gas"), is the only duly franchised public utility providing gas service for residential, commercial, and industrial uses throughout the State. The following are Commission proceedings involving Hawaii Gas during FY 2019.

Operations

Hawaii Gas serves over 35,000 utility gas customers in its six gas districts; Honolulu, Hilo, Maui, Molokai, Lanai, and Kauai. Between 2014 and 2018, the number of customers has remained relatively flat. Over 90% of Hawaii Gas' utility customers are in its Honolulu District.

Hawaii Gas delivers fuel directly to a property, using a system of pressurized gas pipes that cross property lines; this service is regulated by the Commission. Sales of gases in cylinders (e.g., example, propane, medical and industrial gases) are not regulated by the Commission.

Figure 14 – Gas Customers, 2014-2018



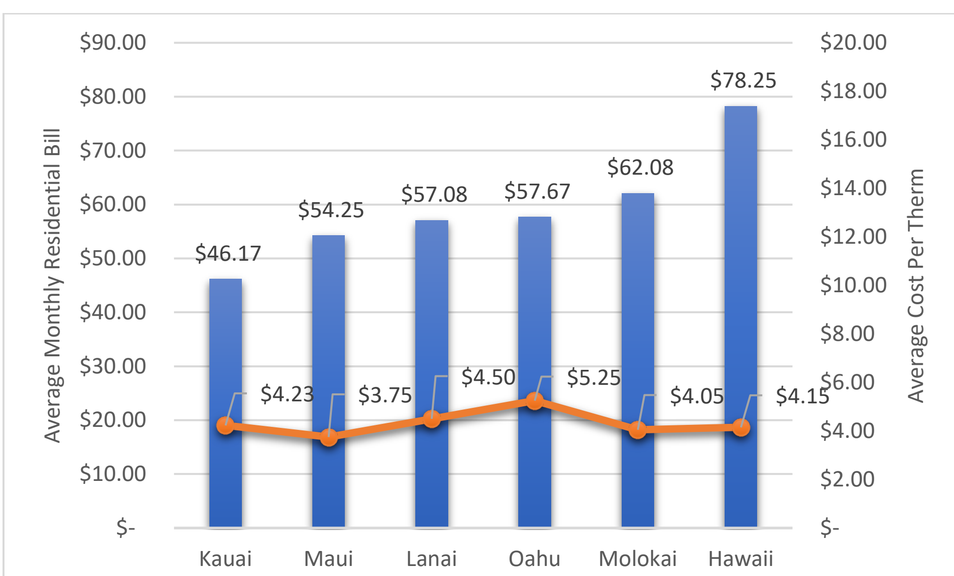
	2014	2015	2016	2017	2018
Honolulu	31,730	31,792	31,787	31,843	31,838
Hilo	1,851	1,873	1,929	1,987	2,013
Maui	510	510	508	509	695
Kauai	937	951	985	1,012	1,030
Molokai	87	81	84	80	73
Lanai	22	22	22	22	22

Lanai Molokai Kauai Maui Hilo Honolulu

Rates

For CY 2018, average residential utility gas bills ranged from approximately $46.17 on Kauai to $78.25 on Hawaii, and the cost per therm ranged from approximately $3.75 on Maui to $5.25 on Oahu. See Figure 15.

Figure 15 – Average Monthly Residential Utility Gas Bills and Costs Per Therm, 2017



Application for Approval of Rate Increases and Revised Rate Schedules and Rules
Docket No. 2017-0105, Status: Open

On August 1, 2017, Hawaii Gas submitted its application to the Commission seeking approval to increase its existing gas utility rates and to revise certain rate schedules and rules. Hawaii Gas asked the Commission to approve a requested increase of $14,962,000 over revenues at current effective rates, which it stated was a 14.58% increase over revenues at present rates. The Commission held statewide public hearings in late 2017 and early 2018. On February 14, 2018, in response to the 2017 Tax Act, Hawaii Gas revised its increase in total revenues to $13,470,401, which it stated was a 12.7% increase over revenues at present rates.

On June 27, 2018, the Commission issued Interim Decision and Order No. 35550, which found Hawaii Gas probably entitled to a revenue increase of $8,896,152, an increase of 8.39% over revenues at present rates. The Commission also ordered Hawaii Gas to refund to ratepayers $113,965 attributable to the impact of the 2017 Tax Act for the six-month period from January 1, 2018 to June 30, 2018. In its Interim Decision and Order, the Commission stated that it did not intend to issue its Final Decision and Order until Hawaii Gas' Honouliuli Wastewater Treatment Plant ("WWTP") Biogas Project was in-service and used and useful. Hawaii Gas estimated the completion date for the project to be October 2018. On December 13, 2018, Hawaii Gas filed a letter notifying the Commission that the Honouliuli WWTP Biogas Project is in-service and used and useful for utility purposes. The Commission issued its final decision and order on December 21, 2018. However, an appeal by two participants in the docket is currently pending before the Hawaii Supreme Court.

Capital Expenditures

Hawaii Gas files its annual five-year capital budget report pursuant to General Order No. 9, Rule 2.3.f.1. The capital expenditure forecast for Hawaii Gas is approximately $18.2 million in 2019, $13.6 million in 2020, $16.8 million in 2021, $8.9 million in 2022, and $8.5 million in 2023 for a total of approximately $66 million over the five-year period. Table 7 and Figure 16 show the five-year capital expenditure budget forecast for Hawaii Gas.

Table 7 – Gas Utility Expenditure Forecast

	2019	2020	2021	2022	2023
Hawaii Gas	$ 18,200,510	$ 13,636,821	$ 16,826,537	$ 8,971,506	$ 8,512,240

Figure 16 – Five-year Capital Expenditure Budget Forecast for Hawaii Gas

Application for Waiver Under Section 2.3.F.2 Of the Hawaii Public Utilities Commission's General Order No. 9, Standards for Gas Service Calorimetry, Holders & Vessels in The State of Hawaii, Etc.
Docket No. 2018-0377, Status: Open

On October 15, 2018, Hawaii Gas filed its application requesting approval to commit funds in excess of $500,000 to relocate a Hawaii Gas transmission pipeline to accommodate the State of Hawaii's Leeward Bikeway project. This docket is pending before the Commission and a decision is expected in 2020.

Application for Approval to Commit Funds in Excess Of $500,000 To Extend Gas Mains and Service Connections to Serve the Wai Kai Retail Complex at Hoakalei.
Docket No. 2018-0420, Status: Open

On December 20, 2018, Hawaii Gas submitted its Application for approval to, among other requests, commit approximately $1.7 million for the extension of gas mains and service connections to serve the Wai Kai retail complex at Hoakalei, pursuant to Paragraph No. 2.3.f.2 of General Order No. 9. The project will be located at the new Wai Kai at Hoakalei complex ("Wai Kai") in Ewa Beach on the island of Oahu. The docket is currently under review by the Commission and a decision is expected in 2020.

Application for Approval to Commit Funds in Excess Of $500,000 for the Renewal Of Bare Steel Pipelines Under The Integrity Management Program For Gas Distribution Pipelines - Young Street Segment.
Docket No. 2019-0084, Status: Open

On April 25, 2019, Hawaii Gas submitted an application requesting approval to commit funds in the amount of $816,991 for the renewal of bare steel pipelines located on Young Street, Honolulu between the cross streets of Punahou and Isenberg, pursuant to Hawaii Gas' Integrity Management Program for Gas Distribution Pipelines. On October 18, 2019, the Commission issued Order No. 36682, which approved Hawaii Gas' request, but disallowed a 20% "contingency factor" in the allowed project costs which had been proposed by Hawaii Gas.

Application for Approval to Commit Funds in Excess Of $500,000 For Installation of The Waikiki Regulator Station.
Docket No. 2019-0156, Status: Open

On July 26, 2019, Hawaii Gas submitted an application seeking approval to commit $665,416 to install a regulator station in Waikiki, near the intersection of Kalakaua Avenue and Ala Wai Boulevard. On November 22, 2019, the Commission issued Order No. 36797, which approved Hawaii Gas' request, but disallowed the 20% "contingency factor" in the allowed project costs proposed by Hawaii Gas.

D. Water and Wastewater

The Commission regulates 39 privately owned water service utilities that provide water and wastewater services in Hawaii. During FY 2019, the Commission's key proceedings in this area included reviewing rate cases and requests for transferring Certificates of Public Convenience and Necessity ("CPCN").

Ratemaking

During FY 2019, the Commission reviewed rate cases for the following water and wastewater utilities:

Kaupulehu Water Company Rate Case
Docket No. 2016-0363, Status: Open

On May 31, 2017, Kaupulehu Water Company ("KWC") submitted an application for approval of a net revenue increase of $273,571.99, which amounts to an increase of 6.15% from the pro forma revenue amount of $4,446,623 at present rates for the Test Year. On August 17, 2017, the Commission held a public hearing at West Hawaii Civic Center to allow parties and ratepayers to offer public testimony. KWC also requested to transfer certain facilities from Hualalai Investors ("HILLC") to KWC. The Commission bifurcated the request to transfer facilities from the rest of the rate increase requests on June 14, 2017, in Order No. 34620. On December 28, 2017, the Commission approved the transfer of facilities in Order No. 35158. A total of four requests for extension of time were made to extend the deadline to submit a Settlement Letter or Agreement related to the rate case portion of this proceeding. The Commission granted the requests, thereby extending the deadline for submission of Settlement Letter or Agreement from December 29, 2017, to February 14, 2018. On February 14, 2018, the Parties filed a partial settlement on outstanding issues. However, the Parties could not reach agreement on 1) the rate of return; 2) rate design; and 3) issues arising from the 2017 Tax Act. The Commission directed the Parties to provide supplemental filings addressing these issues by October 19, 2018. The Commission is reviewing the supplemental filings and expects to issue a decision in 2020.

Waikoloa Resort Utilities Rate Case
Docket No. 2017-0350, Status: Closed

On November 8, 2017, Hawaii Water Service Company filed a motion requesting that the Commission approve the consolidation of Waikoloa Resort Utilities ("WRU"), Waikoloa Sanitary Sewer Company, and Waikoloa Water Company's respective rate case applications into a single proceeding. WRU is a public utility that provides water, wastewater, and irrigation services in the Waikoloa Beach Resort and Waikoloa Village areas on the Island of Hawaii. These entities are all wholly owned subsidiaries of Hawaii Water Service Company. Because the applicants did not request consolidated rates, but instead sought separate rate increases for five distinct rate-making divisions, the Commission denied their request to consolidate. Thereafter, on December 29, 2017, WRU filed a separate application for approval of a revenue increase of $2,400,603, or approximately 29.2% over revenues at present rates. On June 7, 2018, a public hearing was held at Waikoloa Elementary and Middle School to allow ratepayers to testify. On January 7, 2019, the Commission issued Order No. 36045, in which it approved a revenue increase of $1,693,151, approximately 21.3% over revenue at present rates, to be phased in over a three-year period. On January 29, 2019, the Commission issued Order No. 36131, which approved WRU's final tariff sheets implementing the rate increase.

Waikoloa Sanitary Sewer Company, Inc., dba West Hawaii Sewer Company Rate Case
Docket No. 2017-0449, Status: Closed

On December 29, 2017, Waikoloa Sanitary Sewer Company, Inc., ("WHSC") filed an application requesting approval of a net revenue increase of $714,059 for its sewer operations, i.e., an approximate increase of 41.5% from the pro forma revenue amount of $1,721,500 at present rates for the January 1, 2018 to December 31, 2018 test year. Specifically, WHSC proposes to increase its wastewater service charges (the residential per living unit monthly charge, and the commercial per Equivalent Residential unit monthly charge) and sewer quantity charge (the quantity charge that is assessed per 1,000 gallons of water), by a total increase of approximately 35.1% for each applicable charge, via a two-step phase-in approach. On November 13, 2018 the Commission issued Order No. 35877, approving the Parties' Stipulation, filed on September 12, 2018, and allowing the utility rates and charges to produce increasing revenues of $349,381, or approximately 20.2% over revenues at present rates.

Waikoloa Water Company, Inc., dba West Hawaii Water Company Rate Case
Docket No. 2017-0450, Status: Closed

On December 29, 2017, Waikoloa Water Co., Inc., dba West Hawaii Water Company ("WHWC") filed an application for a General Rate Case and for Approval of Revisions to its Tariff. WHWC requested commission approval of net increase in revenues of $728,105 (approximately 38.4 percent) over its pro forma revenue amount of $1,894,671 at present rates for the 2018 Test Year. On November 15, 2018, the Commission issued Order No. 35878, approving the Parties' Partial Stipulation filed on September 12, 2018. Consistent with the two-year phase-in plan approved by the Proposed Decision and Order, WHWC may increase its utility rates and charges to produce an increase in revenues of $509,762, or approximately 26.8% over revenues at present rates, based on total Test Year revenue requirement of $2,414,350.

Kalaeloa Water Company Rate Case
Docket No. 2019-0057, Status: Open

On March 18, 2019, Kalaeloa Water Company, LLC ("KWC") filed a Notice of Intent to file an application for approval of a general rate increase and updated rules, regulations, and rates for potable water and wastewater service on or before May 31, 2019, pursuant to HRS Chapter 269, and HRS § 269-16. On October 30, 2019, the Consumer Advocate filed a motion to dismiss the Application without prejudice, until the Commission resolves the transaction proposed by KWC, Hunt Kalaeloa Water LLC, and Hawaiian Water Service Company, Inc. in Docket No. 2019-0144, or in the alternative, the Consumer Advocate recommended the Commission suspend the instant proceeding until a final decision and order is filed in Docket No. 2019-0144. Subsequently, both the Applicants and the Consumer Advocate filed Motions for Leave in order to address concerns that were raised by the Parties. On January 3, 2020, the Commission suspended the docket, pending a final decision and order in the Transfer of Control Case in Docket No. 2019-0144.

Certificates of Public Convenience and Necessity

Application for a Certificate of Public Convenience and Necessity for Punalu'u Water and Sanitation, LLC To Provide Water and Wastewater Services, Etc.
Docket No. 2018-0408, Status: Open

On December 5, 2018, Punalu'u Water and Sanitation, LLC, S M Investment Partners, and C & A Punaluʻu, LLC (collectively "Applicants") filed a joint application for: (1) a CPCN for Punaluʻu Water and Sanitation, LLC to Provide Water and Wastewater Services to Sea Mountain at Punaluʻu, Kau District, Island of Hawaii; (2) Approval of Proposed Initial Tariffs, Including Rates, Charges, Map, and Rules; and (3) Approval of the Proposed Change of Control of Punaluʻu Water and Sanitation, LLC. On August 15, 2019, the Commission issued Order No. 36473, which approved Applicants' requests, but required the Applicants to collaborate with the Consumer Advocate to file a stipulated refund plan to return over-collected amounts resulting from a non-tariffed monthly service charge that had been in place, as well as submit a plant capacity analysis of the water and wastewater facilities and a financial plan detailing projected capital improvements and details for achieving solvency in its water and wastewater operations.

Miscellaneous

Application for Approval of the Pledge of the Partnership Interests of Kaupulehu Water Company and Kaupulehu Waste Water Company
Docket No. 2018-0178, Status: Closed

On July 23, 2018, Kaupulehu Water Company ("KWC") and Kaupulehu Waste Water Company ("KWWC") filed an application requesting approval for KWC and KWWC to pledge the partnership interests of KWC and KWWC to Goldman Sachs Mortgage Company, as partial security for a loan made in favor of Hualalai Investors, LLC ("HIL"). HIL indirectly own the partnership interests of KWC and KWWC, and sought to use the proceeds from the loan from Goldman Sachs to refinance an existing loan which also partially relied on KWC and KWWC's interests as security. On June 4, 2018, the Commission issued Order No. 36349, which approved the KWC and KWWC's request but also required KWC and KWWC to submit the loan documents and supporting exhibits.

Notice of Modification to Rules and Regulations, Water Rate Schedules and Sewer Rate Schedules.
Docket No. 2018-0133, Status: Closed

On June 8, 2018, Punaluʻu Water and Sanitation Corporation filed a notice of entity conversion and name change to notify the Commission that it had converted from a corporation to a limited liability company. Relatedly, Punaluʻu Water and Sanitation Corporation requested that the Commission approve a change to its existing water and sewer tariffs to reflect this entity conversion and name change. On July 12, 2018, the Commission issued Order No. 35568, approving the requested entity conversion and name change.

Application for Approval of the Membership Interests of Turtle Bay Wastewater Treatment, LLC and Other Matters.
Docket No. 2017-0408, Status: Closed

On November 21, 2017, Turtle Bay Wastewater Treatment, LLC ("TBWT") and BRE Turtle Bay Wastewater LLC ("BRE") filed an application requesting that the Commission approve the sale and transfer of 100% of the membership interests of TBWT, presently owned by Turtle Bay Resort, LLC, to BRE, as well as confirm the continuation of the current TBWT tariff following the close of the transaction. TBWT stated that is transfer is part of a larger transaction involving the purchase of the Turtle Bay Resort by BRE, and it is important for BRE to obtain ownership of the wastewater treatment operations servicing the area. On August 16, 2018, the Commission issued Order No. 36548, which approved the transfer and continuation of the tariff, but required BRE to provide the Commission with relevant transfer documents and to provide affected customers with written notice of the change in ownership.

Petition for Declaratory Order and Approval of The Proposed Change of Control Of Punalu'u Water And Sanitation, LLC.
Docket No. 2018-0380, Status: Closed

On October 18, 2018, S M Investment Partner and C & A Punalu'u, LLC (collectively, "Applicants"), filed a joint petition requesting a Commission order declaring that the proposed sale and transfer of S M Investment Partners, LLC's membership interests in Punaluʻu Water and Sanitation, LLC to C & A Punaluʻu, LLC is an exempt transaction that does not require Commission approval. Applicants indicated that they required a declaratory order from the Commission in order to consummate the transaction. On November 28. 2018, the Commission issued Order No. 35898, in which the Commission dismissed the petition without prejudice. In doing so, the Commission observed that the history of prior ownership transfer of Punaluʻu Water and Sanitation, LLC, is unclear, casting uncertainty as to the current owner of Punaluʻu Water and Sanitation, LLC. To address this issue, the Commission instructed the Applicants to submit a new joint application requesting: (1) a CPCN for Punaluʻu Water and Sanitation, LLC, including new tariffs; and (2) a proposed sale and transfer of membership interests in Punaluʻu Water and Sanitation, LLC, from S M Investment Partners to C & A Punaluʻu, LLC (see discussion of Docket No. 2018-0408, above).

Joint Application for Approval Of (A) The Sale and Transfer of Membership Interests in Kalaeloa Water Company LLC; And (B) The Proposed Financing Arrangements
Docket No. 2019-0144, Status: Open

On July 3, 2019, Hunt Kalaeloa Water LLC, Kalaeloa Water Company. LLC, and Hawaii Water Service Company, Inc. submitted an application requesting that the Commission approve the sale and transfer of all the membership interests in Kalaeloa Water Company LLC to Hawaii Water Service Company, Inc., as well as related financing arrangements. A briefing schedule has not yet been established as the Commission coordinates the schedule of this proceeding with the related proceeding in Docket No. 2019-0057, where Kalaeloa Water Company, LLC is currently seeking a rate increase. The Commission continues to review the request.

E. Telecommunications

The Commission oversees the intrastate cellular, paging, mobile telephone and other services of 170 telecommunications providers, in addition to the services of Hawaiian Telcom, Inc. ("HTI"), the State's only incumbent local exchange carrier and largest carrier of intrastate services.

The Commission is also the State entity responsible for designating and certifying eligible telecommunication carriers ("ETCs") seeking Universal Service Fund ("USF") disbursements under the federal USF program.

Certificates of Registration and Certificates of Authority ("COA")

In FY 2019, the Commission certificated 11 new telecommunications companies. See Table 8 below.

Table 8 – New Telecommunications Companies Certificated in FY 2019

Certificate of Authority	Carrier Type	Docket No.	Date Approved
ONVOY, LLC	Wireline Reseller	2018-0105	11/27/2018
AIRESPRING, INC	Wireline Reseller	2018-0132	3/11/2019
SQF, LLC	Wireline Reseller	2018-0137	10/30/2018
Certificate of Registration	**Carrier Type**	**Docket No.**	**Date Approved**
Q Link Mobile LLC	Wireline Reseller	2018-0169	9/14/2018
The Light Phone, Inc	Wireline Reseller	2019-0124	7/19/2019
Lycamobile USA, Inc	Wireline Reseller	2018-0011	6/24/2019
InReach, Inc.	Wireline Reseller	2018-0059	7/17/2018
Lunar Labs, Inc.	Wireline Reseller	2018-0060	7/17/2018
Spectrum Mobile, LLC	Wireline Reseller	2018-0120	9/10/2018
Q Link Mobile LLC	Wireline Reseller	2018-0169	9/14/2019
Wing Tel, Inc.	Wireline Reseller	2019-0315	11/15/2019

The Commission also approved the voluntary surrender of 7 telecommunication companies' certificates. See Table 9.

Table 9 – Telecommunications Companies Who Surrendered Certificates in FY 2019

Certificate of Authority	Carrier Type	Docket No.	Date Approved
Blue Jay Wireless, LLC	Wireline Reseller	2018-0337	12/28/2018
Budget PrePay, Inc.	Wireline Reseller	2018-0338	12/28/2018
Ignition Wireless, LLC dba Expo Mobile and Ignition Wireless	Wireline Reseller	2019-0069	7/11/2019
BUSINESS TELECOM, LLC, Formerly Known as BUSINESS TELECOM, INC.	Wireline Reseller	2018-0162	9/06/2018
TELIAX, INC.	Wireline Reseller	2018-0376	6/07/2019
MITEL CLOUD SERVICES, INC.	Wireline Reseller	2019-0159	8/21/2019
AmericaTel Corporation	Wireline Reseller	2016-0080	1/08/2019

Interconnection Agreements

Pursuant to Section 252(e) (1) of the Telecommunications Act of 1996 and HAR § 6-80-54, the Commission may reject a negotiated interconnection agreement if the Commission finds: (A) the agreement, or any portion of the agreement, discriminates against a telecommunications carrier not a party to the agreement; or (B) the implementation of the agreement, or any portion of the agreement, is not consistent with the public interest, convenience, and necessity. Based on this standard, the Commission approved the following interconnection agreement:

Petition for Approval of Teleport Communications America, LLC's Adoption of The Agreement and its Addendum by and between Hawaii Dialogix Telecom, LLC and Hawaiian Telcom, Inc.
Docket No. 2018-0052, Status: Closed

On March 5, 2018, HTI filed an application requesting approval for Teleport Communications America, LLC to adopt the interconnection agreement, including its addendum, by and between Hawaii Dialogix Telcom, LLC and Hawaiian Telcom, Inc. On September 25, 2018, the Commission issued Order No. 35710, approving the request.

Miscellaneous

Petition for Designation as An Eligible Telecommunications Carrier in The State of Hawaii On A Wireless Basis (Low Income Only).
Docket No. 2015-0349, Status: Closed

On September 30, 2015, Telrite filed its Petition seeking designation as an ETC to provide Lifeline services to qualified customers in the State. On August 10, 2016, the Commission issued Order No. 33853, suspending the docket pending clarification from Telrite as to whether Telrite had fully satisfied the federal requirements to be an ETC. On June 28, 2019, the Commission issued Order No. 36390, which found that Telrite's Petition was stale and, accordingly, dismissed the petition without prejudice.

Instituting A Proceeding to Investigate Whether Designated Eligible Telecommunications Carriers Participating in The High-Cost Program of The Universal Service Fund Should Be Certified by The Commission Pursuant To 47 Code of Federal Regulations, Etc.
Docket No. 2018-0113, Status: Closed

On May 18, 2018, the Commission opened a proceeding to investigate whether designated eligible telecommunications carriers participating in the High-Cost Program of the Universal Service Fund ("USF") should be certified by the Commission pursuant to Chapter 47 of the Code of Federal Regulations, section 54.314(a). On September 14, 2018, the Commission issued Order No. 35689, which determined that HTI should be certified as a USF high-cost ETC, based on the Commission's finding that all federal high-cost support provided by HTI was used and will be used for the provision, maintenance, and upgrading of facilities and services to support intended purposes, consistent with 47 CFR § 54.314(a). As a result, the Commission certified HTI as a USF high-cost ETC in 2018.

Joint Application for Waiver of Regulatory Requirements or, In the Alternative, Approval of The Proposed Indirect Transfer of Control of Sprint Communications Company L.P.
Docket No. 2018-0157, Status: Closed

On July 6, 2018, T-MOBILE USA, INC. ("T-Mobile") and SPRINT COMMUNICATIONS COMPANY L.P. ("Sprint") (collectively "Applicants"), filed an application for waiver of regulatory requirements related to (or alternatively, approval of) the proposed indirect transfer of control of Sprint, under which Sprint would become an indirect wholly owned subsidiary of T-Mobile. On May 30, 2019, the Commission issued Order No. 36341, which approved the request, subject to certain conditions, including: T-Mobile providing a report to confirm that it offered all Sprint W-2 retail employees a job with T-Mobile; T-Mobile will strive to deliver 5G coverage to 90% of its FCC licensed covered points of presence in Hawaii within three to five years; T-Mobile will honor all of Sprint's existing contracts; and on the third anniversary of the merger closing, T-Mobile will provide a report on its progress towards meeting its projected price reduction in annual revenue per user.

Notice of Failure to Comply with Hawaii Revised Statutes and Commission's Regulations; Order to Show Cause Why Respondent's Operating Authority Should Not Be Suspended or Revoked.
Docket No. 2018-0336, Status: Closed

On October 24, 2018, the Commission issued Order No. 35840, Notice of Violation, Order to Show Cause, and Notice of Hearing ordering Americatel Corporation to show cause why its COA should not be suspended or revoked for failure to file its 2016 annual financial report and pay the public utility fee. Americatel Corporation failed to appear at its noticed hearing on November 27, 2018, and, as a result, on December 28, 2018, the Commission issued Order No. 36035, revoking Americatel Corporation's COA.

Application for A Transfer of Control of Selectel, Inc. Dba Selectel Wireless to Ignition, LLC.
Docket No. 2018-0397, Status: Closed

On November 16, 2019, SelecTel, Inc. d/b/a SelecTel Wireless ("SelecTel") and Ignition Wireless, LLC d/b/a/ Expo Mobile ("Ignition") submitted an information-only filing providing notice to the Commission of the transfer of control of SelecTel to Ignition. The Commission observed that, as both SelecTel and Ignition are fully competitive retail service providers, the proposed transaction does not require Commission approval and closed the docket on November 12, 2019.

Request for Voluntary Surrender of Certificate of Registration.
Docket No. 2019-0065, Status: Open

On March 25, 2019, the People's Operator USA, LLC submitted a letter as a notification that it has ceased operations within the State of Hawaii, no longer having any customers. On July 10, 2019, the Commission issued a letter acknowledging receipt of the People's Operator USA, LLC's surrender request, and laying out a process to facilitate the surrender.

Application for A Certificate of Registration
Docket No. 2019-0319, Status: Open

On September 17, 2019, Telcom Wireless filed an application for a Certificate of Registration. The Commission is reviewing the application.

Application for A Certificate of Registration
Docket No. 2019-0134, Status: Open

On June 28, 2019, T C Telephone LLC's filed an application for a COA to provide resold wireless services throughout the State. The Commission is reviewing the request.

Instituting A Proceeding to Investigate Whether Designated Eligible Telecommunications Carriers Participating in The High-Cost Program of The Universal Service Fund Should Be Certified by The Commission Pursuant To 47 Code of Federal Regulations, Etc.
Docket No. 2019-0060, Status: Closed

On March 22, 2019, the Commission initiated an investigation to determine whether state designated ETCs in the State of Hawaii participating in the high-cost support program of the federal USF should be certified by the commission in 2019, pursuant to 47 Code of Federal Regulations ("C.F.R.") 54.314(a). On September 9, 2019, the Commission issued Order No. 36510 stating that it had determined that HTI should be certified as a USF high-cost ETC, based on the Commission's finding that all federal high-cost support provided by HTI was used and will be used for the provision, maintenance, and upgrading of facilities and services to support intended purposes consistent with 47 CFR § 54.314(a). As a result, the Commission certified HTI as a USF high-cost ETC in 2019.

Application for A Certificate of Authority
Docket No. 2019-0078, Status: Open

On April 16, 2019, Fonality, Inc. filed an application for a COA to provide VoIP services in the State of Hawaii. Fonality provides a VoIP service to businesses that travels over the existing broadband connections its subscribers obtain from their own preferred landline Internet Service Provider. The Commission notified the applicant that required documents were not included in the application and remain outstanding. The Commission will complete its review upon filing of the required documents.

Application for Waiver of Applicable Requirements, or in The Alternative, Consent to a Transaction That Will Result in a Material Change to the Ownership and Control of an Authorized Telecommunications Carrier.
Docket No. 2019-0164, Status: Closed

On August 6, 2019, Fusion Connect, Inc. ("Fusion Connect"), Birch Communications, LLC ("Birch") and Telecom Holdings LLC ('Telecom Holdings"), requested that the Commission waive all regulatory requirements associated with the proposed reorganization transaction under which Telecom Holdings would acquire a controlling interest in Birch (Fusion Connect's Hawaii operating subsidiary) through Telecom Holdings' acquisition of a majority of the common stock of Fusion Connect. On October 30, 2019, the Commission issued Order No 36714, which granted a waiver to the proposed transaction pursuant to HRS § 269-19.5.

As a result of this waiver, the Commission found that this mooted the underlying application and dismissed it, accordingly. In doing so, the Commission noted that granting a waiver would allow the Fusion Companies to emerge from bankruptcy proceedings as financially stronger, more competitive market participants, and would have no adverse impact on any of Fusion's current customers.

Application for Certificate of Authority
Docket No. 2019-0174, Status: Open

On August 26, 2019, CBTS Technology Solutions LLC filed an application for a COA. The Commission continues to review this request.

Petition for Approval of Airus, Inc. Adoption of The Amended, Extended and Restated Agreement Between Wavecom Solutions Corporation and Hawaiian Telcom, Inc.
Docket No. 2019-0316, Status: Open

On September 27, 2019, HTI filed a letter with the Commission notifying it of Airus, Inc.'s adoption of the terms of the Amended, Extended and Restated Agreement between Wavecom Solution Corporation and HTI. The Commission continues to review this submission.

Request for Voluntary Surrender of Certificate of Authority.
Docket No. 2019-0337, Status: Open

On October 15, 2019, CallCatchers, Inc. d/b/a FreedomVoice Systems ("FreedomVoice"), submitted a request to voluntarily surrender its COA and withdraw any FreedomVoice tariff on record, effective as soon as possible. The Commission is reviewing this request.

Table 10 – Telcom Dockets for which the Commission Waived Applicable Regulatory Requirements

Application	Docket No.	Status
Financing Arrangements		
Global Tel*Link Corporation, Value-Added Communications, Inc., and Public Communications Services, Inc.	2018-0150	Closed
Metropolitan Telecommunications of Hawaii, Inc.	2019-0314	Closed
Level 3 Communications, LLC.	2019-0338	Open
BCHI Holdings, LLC, Birch Telecom of the West, Inc., Birch Communications, Inc., and Fusion Telecommunications International, Inc.;	2017-0401	Closed
TKC Holdings, Inc., Inmate Calling Solutions, LLC d/b/a ICSolutions and Secrus Technologies, Inc	2018-0119	Closed
Change of Control		
Crown Castle Fiber LLC and Crown Castle Ng West LLC	2018-0184	Closed
Legacy Long Distance International, Inc. Dba Legacy Inmate Communications Docket No. 2018-0374 And Jail Education Solutions, Inc. Dba Edovo	2018-0374	Closed
SQF, LLC to SDC Tilson Investor, LLC,	2019-0104	Closed
SQF, LLC and SDC TILSON INVESTOR, LLC	2019-0133	Closed
Other Telecommunication Dockets		
Joint Application for Approval or Exemption of Waiver (1) Of the Transfer of Indirect Control of Matrix Telecom, LLC To Lingo Communications, LLC Etc.	2018-0176	Closed

Joint Petition for Waiver of Regulatory Requirements Related to Financing Arrangements.	2018-0191	Closed
Application for Approval of The Transfer Of Equity Ownership Interest In Certain Joint Poles, To Commit Funds In Excess Of $2,500,000, Accounting And Ratemaking Treatment, Etc.	2018-0075	Closed
Application for A Waiver from The Regulatory Requirements of Hawaii Revised Statutes Section 269-19(A) And Hawaii Administrative Rules Section 6-61-105 Regarding the Lease of Retail Space In Hawaiian Telcom's Headquarters Property Etc.	2018-0140	Closed
Notice of Failure to Comply with Hawaii Revised Statutes and Commission's Regulations; Order to Show Cause Why Respondent Operating Authority Should Not Be Suspended or Revoked.	2018-0339	Closed
Notice of Failure to Comply with Hawaii Revised Statutes and Commission's Regulations; Order to Show Cause Why Respondent's Operating Authority Should Not Be Suspended or Revoked	2018-0340	Closed
Notice of Failure to Comply with Hawaii Revised Statutes and Commission's Regulations; Order to Show Cause Why Respondent's Operating Authority Should Not Be Suspended or Revoked.	2018-0341	Closed
Request for Change of Company Name and Approval of Replacement Tariffs, Or in The Alternative, Request for Exemption or Waiver.	2018-0404	Closed
Notice of Failure to Comply with Hawaii Revised Statutes and Commission's Regulations; Order to Show Cause Why Respondent's Operating Authority Should Not Be Suspended or Revoked.	2018-0336	Closed
Petition for Waiver of Regulatory Requirements Or, In the Alternative, Approval of the Proposed Indirect Transfer of Control of West Safety Communications Inc.	2019-0028	Closed

F. Water Carriers

The Commission regulates two water carriers: (1) Young Brothers, LLC (“YB”), a provider of inter-island cargo service between all major islands; and (2) Hone Heke Corporation, a passenger and cargo carrier providing water transportation services between the islands of Maui and Lanai.

The statute governing the regulation of water carriers is HRS Chapter 271G, the Hawaii Water Carrier Act. Water carrier proceedings during FY 2019 are summarized below.

Young Brothers Application for Approval of a General Rate Increase and Certain Tariff Changes
Docket No. 2017-0363, Status: Closed

On December 20, 2017, YB filed an application seeking approval of an increase in revenues of $9,455,000, or approximately 13.32%, based on a calendar 2018 test year. The proceeding was initially delayed until YB provided supplementary materials necessary to consider its application complete, and on March 14, 2018, the Commission approved a stipulation between YB and the Consumer Advocate providing YB with an opportunity to re-file its application with appropriate supporting materials. During the months of May, June, and July 2018, public hearings on YB’s re-filed application were held on all islands where YB provides service. YB and the Consumer Advocate engaged in extensive settlement meetings and discussions, and as a result, the Parties were able to resolve their differences and reach a settlement on YB’s overall revenue requirements and requested tariff changes.

On October 10, 2018, the Parties filed a joint letter informing the Commission of their settlement and their waiver of the evidentiary hearing and requesting the cancellation of said hearing. The settlement stipulation was filed with the Commission on October 19, 2018, and YB filed additional supporting documents on November 14, 2018. On December 6, 2018, the Commission instructed the parties to resubmit the stipulation and supporting documentation to resolve discrepancies among the prior filings.

On February 1, 2019, the Commission issued Order No. 36140 approving YB and the Consumer Advocate's settlement stipulation, which provided for an increase in YB's revenues of $3,401,150, or approximately 4.32 percent over intrastate revenues at present rates.

Application for Approval of a General Rate Increase and Certain Tariff Changes.
Docket No. 2019-0117, Status: Open

On September 25, 2019, YB filed an application seeking an increase in revenues of $26,997,928, an increase of approximately 34.27% over intrastate revenues at currently effective rates, based on a calendar 2020 test year. On November 11, 2019, the Commission issued an Order suspending the application for further investigation, including time for the Consumer Advocate to complete its investigation into YB's application. Public hearings have been noticed for each island served by YB. The Commission is currently reviewing the application and proposed requests for relief.

Petition for A Declaratory Ruling Regarding Hawaii Revised Statutes Section 271g-14(B), Or, In the Alternative, For Approval to Dispose of Tug Manuokekai, Tug Mikiona, And Tug Mikiala.
Docket No. 2019-0120, Status: Closed

On June 7, 2019, YB submitted a petition requesting a declaratory ruling from the Commission confirming that YB's proposed disposal of the tugs Manuokekai, Mikiona, and Mikiala, is not subject to Commission approval under HRS Chapter §271G-14(b). On October 18, 2019, the Commission issued Order No. 36668, which approved YB's request, provided that YB report on the transfer and sale of the tugs, including their final sale price, and YB remove associated expenses and capital costs associated with the tugs from its pending rate case application in Docket No. 2019-0117.

Application for Approval to Dispose of Tug Malulani.
Docket No. 2019-0051, Status: Open

On February 28, 2019, Young Brothers, LLC submitted an application seeking approval to dispose of the tug "Malulani," to Pacific Tug Company, LLC, ("Pacific Tug"). On August 1, 2019, the Commission issued Order No. 36450, approving YB's request, provided that YB submit a report on the transfer and sale of the tug, including its final sale price. The docket remains open pending YB's submission of this report.

Application for Approval of a General Rate Increase and Certain Tariff Changes.
Docket No. 2019-0066, Status: Open

On March 29, 2019, Young Brothers, LLC filed a Notice of Intent to file an application for approval of a general rate increase based on a 2019 calendar test year period ("Notice of Intent"). However, on June 4, 2019, Young Brothers withdrew its Notice of Intent.

G. Motor Carriers

The Commission regulates passenger and property motor carriers transporting passengers or property for compensation or hire on public highways.[12] By law, certain transportation services, including taxis, school and city buses, ambulance services, refuse haulers, farming vehicles, and persons transporting their own personal property, are exempt from Commission regulation.[13]

Passenger carriers are classified by authorized vehicle seating capacity. They include tour companies, limousine services, and other transportation providers. Property carriers are classified by the types of commodities transported and the nature of services performed, namely: general commodities, household goods, commodities in dump trucks, and specific commodities.

New Motor Carrier Certifications and Licensing

In FY 2019, the Commission regulated 1,588 motor carriers, which included 1,038 passenger carriers and 550 property carriers. During FY 2019, 78 new certificates or permits were issued to passenger carriers and 22 property carriers. Table 11 shows the number of motor carriers over the past five fiscal years.

Table 11 – Number of Motor Carriers, FY 2015-2018

	2015	2016	2017	2018	2019
Property Carriers	523	526	536	543	550
Passenger Carriers	899	943	992	1,040	1,038

Ratemaking and Tariffs

Many of the State's motor carriers are members of either the Western Motor Tariff Bureau, Inc. ("WMTB") or the Hawaii State Certified Common Carriers Association ("HSCCCA"). During FY 2019, WMTB filed requests for rate changes for their members. The Commission also reviewed and approved rate requests from 43 independent motor carriers.

Rates that are increased or decreased by up to ten percent within a calendar year are presumed to be just and reasonable pursuant to the Zone of Reasonableness Program ("ZRP").[14] Motor carriers who request rate increases or decreases that do not fall within the ±10 percent zone are required to show that their rate requests are just and reasonable. In reviewing a request, the Commission requires the carrier to submit financial statements containing the carrier's revenues, expenditures, and operating ratio. The Commission will review and may approve the rate change based on whether the operating ratio reported in the financial statements is determined to be acceptable.

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[12] See HRS Chapter 271.

[13] HRS § 271-5.

[14] The Zone of Reasonableness was initially a pilot program approved in Order No. 20704 for a period of one year beginning on January 1, 2004. By Order No. 21490, the ZRP was extended for an additional three years with an expiration date of December 31, 2007. On June 22, 2007, the Commission opened Docket No. 2007-0159 to investigate whether it is in the public interest to continue the ZRP for motor carriers, with or without modification, or to terminate the Zone. In Order No. 23862, the Commission extended the ZRP for four calendar years with an expiration date of December 31, 2011, pursuant to certain terms and conditions. On September 22, 2010, the Commission issued an order authorizing the permanent continuation of the ZRP.

VI. Enforcement Activities

The Commission enforces its rules, regulations, standards, and tariffs filed by monitoring the operational practices and financial transactions of regulated utilities and transportation carriers. Enforcement activities involve customer complaint resolution, compliance with financial reporting and other requirements, investigations, and issuance of citations.

Complaint Resolution

The Commission's role in protecting the public is carried out in part through its investigation and resolution of complaints. The Commission accepts written complaints against any public utility, water carrier, motor carrier, or other entities subject to the Commission's jurisdiction. There are two kinds of written complaints – formal and informal. The Commission's rules of practice and procedure, Hawaii Administrative Rules Chapter 16-601, provide the requirements for formal and informal written complaints.

Formal Complaints

During FY2019, one formal complaint was filed. Discussion of formal complaints can be found on pages 24 and 25.

Written Informal Complaints

As shown in Table 11, the Commission received a total of 71 written informal complaints in FY 2019 against utility and transportation companies. For FY19, the Commission received 17 informal complaints addressed to non-PUC regulated entities and 23 Declaration (Witness for Illegal Motor Carrier Operations) forms were filed.

Table 12 – Total Number of Informal Complaints Received by the Commission, FY 2014-2019

	FY 2014	FY2015	FY2016	FY2017	FY2018	FY2019
Utilities						
Telecommunications	**43**	**29**	**79**	**38**	**27**	**33**
Wire Line (telephone)	27	14	60	25	16	20
Cellular and Paging	14	8	18	13	11	10
Other	2	7	1	0	0	3
Electricity	**57**	**85**	**69**	**27**	**25**	**15**
Gas	**3**	**5**	**0**	**0**	**1**	**2**
Water/Sewer	**3**	**3**	**2**	**6**	**5**	**9**
Other	**1**	**0**	**1**	**0**	**0**	**2**
Transportation Carriers						
Water Carrier	**0**	**1**	**0**	**0**	**0**	**0**
Motor Carrier	**6**	**11**	**13**	**35**	**17**	**10**
One Call Center	**1**	**0**	**0**	**0**	**0**	**0**
Total Complaints	**118**	**135**	**164**	**106**	**75**	**71**

Civil Citations

The Commission enforces provisions of HRS Chapters 269, 269E, 271 and 271G, as well as applicable rules, orders, and regulations, and may assess civil penalties, subject to providing the alleged violators with notice and opportunity to be heard in accordance with HRS Chapter 91.

For violations of the Motor Carrier Law, HRS Chapter 271, the Commission may impose civil penalties up to $1,000 per offense and penalties of up to $500 per day in the case of a continuing violation.

For violations of the Water Carrier Law, HRS Chapter 271G or the One Call Law, HRS Chapter 269E, the Commission may impose various civil penalties for up to $5,000 per offense and penalties up to $5,000 day in the case of a continuing violation.

For any other public utility violating HRS Chapter 269, and/or the Commission's applicable rules, order and regulations, the Commission may impose various civil penalties not to exceed $25,000 each day so long as such violation continues.

Some of the common types of citations include: operating without a certificate or permit issued by the Commission, failure to publish a tariff, failure to maintain the required liability insurance, improper vehicle marking, and stop-in-transit violations (i.e., shipping intrastate cargo described as interstate cargo).

Table 12 lists by category, the of number citations issued, and the civil penalties issued for FY 2014-2019.

Table 13 – Citations and Civil Penalties Issued, FY 2014-2019

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Citations						
Motor Carrier	11	8	17	18	17	50
Stop in Transit	0	1	8	0	5	5
One Call Center	0	0	1	0	0	0
Total # of Citations Issued	**11**	**9**	**26**	**18**	**22**	**55**
Civil Penalties						
Motor Carrier	$12,000	$11,500	$17,000	$17,400	$18,000	$11,500
Stop in Transit	$0	$2,000	$13,500	$0	$7,000	$4,000
One Call Center	$0	$0	$5,000	$26,000	$4,000	$23,500
Total Civil Penalties Issued	**$12,000**	**$13,500**	**$35,500**	**$43,400**	**$29,000**	**$39,000**

Revocation of Certificate of Public Convenience and Necessity and Permits

In FY 2019, the Commission revoked 51 motor carrier certificates for a number of violations, including: failure to pay the civil penalties imposed, failure to file an Annual Financial Report, failure to pay the requisite Motor Carrier Gross Revenue Fee, and/or failure to comply with the other Commission's requirements.

VII. Environmental Matters and Actions of the Federal Government

Hawaii's regulated public utilities are subject to periodic inspections by federal, state and local environmental regulatory agencies responsible for the regulation of water quality, air quality, and other waste and hazardous materials. These inspections may result in the identification of items needing corrective or other action. This following section summarizes federal and state environmental regulations that may affect regulated public utilities in Hawaii.

Air Quality Controls

The Clean Air Act of 1963 instituted regulatory permitting programs to reduce air pollution. The 1977 amendments to the Clean Air Act established the New Source Review permitting program, which affect new or modified generating units by requiring a permit to construct under the Clean Air Act and the controls necessary to meet the National Ambient Air Quality Standards (“NAAQS”). The Clean Air Act requires the Environmental Protection Agency (“EPA”) to set NAAQS for wide spread pollutants from various sources. The six principal pollutants under NAAQS include: Carbon Monoxide, Lead, Nitrogen Dioxide, Ozone, Particulate Matter, and Sulfur Dioxide.

In 1990, the Clean Air Act was amended to include the Title V Operating Permit Program (Referred to as the Covered Source Permit program in Hawaii) to ensure compliance with all applicable federal and state air pollution control requirements. Title V operating permits have been issued for all of the HECO Companies’ affected generating units.

In 2012, the EPA published the final rule establishing the National Emission Standards for Hazardous Air Pollutants for fossil-fuel fired steam electrical generating units (“EGUs”) in the Federal Register. The final rule, known as the Mercury and Air Toxic Standards (“MATS”), applies to the 14 EGUs at the HECO Companies’ power plants. MATS targets mercury emissions and other hazardous pollutants.

In December 2018, the EPA issued a proposed revised Supplemental Cost Finding for MATS, proposing to determine that it is not “appropriate and necessary” to regulate hazardous air pollutant emissions from power plants under Section 112 of the Clean Air Act. However, the emission standards and other requirements of the MATS remain in place, since the EPA is not proposing to remove coal- and oil-fired power plants from the list of sources that are regulated under Section 112 of the Act.

In June 2018, the EPA extended the period during which certain electronic reports required by the Mercury and Air Toxics Standards can by submitted as PDFs. Power plants will continue to be able to submit these reports as PDF files until July 1, 2020. The extension does not change the responsibility to report compliance information and ensures that compliance information can be made available to the public. Hawaiian Electric states that it has proceeded with the implementation of its MATS Compliance Plan and has met all compliance requirements to date.

Hawaiʻi Act 234 (session laws of 2007) established the state’s policy framework and requirements to address Hawaii’s GHG emissions. The focus and general purpose of Act 234 was to achieve cost-effective GHG emissions reductions at or below Hawaii’s GHG emissions estimates of 1990 by January 1, 2020. As of 2019, a full emissions inventory for 2015 has been completed by ICF, the University of Hawaiʻi, and the Department of Health, accounting for contributions from transportation and stationary sources such as utility facilities. The “Hawaii Greenhouse Gas Emissions Report for 2015” prepared for the Hawaii Department of Health includes inventories of emissions from power plants, oil and natural gas systems, and the incineration of waste.

Water Quality Controls

Electric generating stations, substations and other utility facilities operate under federal and state water quality regulations including the Clean Water Act National Pollution Discharge Elimination System (“NPDES”) and the Safe Drinking Water Act (“SDWA”) Underground Injection Control. NPDES governs point source discharges, including wastewater and storm water discharges and the SDWA Underground Injection Control regulates disposal of wastewater into injection wells to prevent contamination of underground sources of drinking water. On February 1, 2018, the Ninth Circuit Court of Appeals ruled that under certain circumstances, discharges from underground injection control wells may require NPDES permits. This case is currently pending before the U.S. Supreme Court.

In October 2019, the EPA proposed a "Methods Update Rule for the Analysis of Effluent." The EPA is proposing this regulation under the authorities of the Clean Water Act to change its test procedures required to be used by industries and municipalities when analyzing the chemical, physical, and biological properties of wastewater and other environmental samples for reporting under the NPDES permit program. The State Department of Health and facilities that must conduct monitoring to comply with NPDES permits could potentially be affected by the requirements of this proposed action.

Oil Pollution Controls

The Oil Pollution Act ("OPA") of 1990 established programs to prevent and respond to oil releases from oil storage facilities. Under OPA, responsible parties are held liable for clean-up costs and damages to natural resources and property. OPA requires utilities that use or store oil to prepare and implement Spill Prevention, Control and Countermeasures Plans detailing how they will prevent releases of oil to navigable waters of the U.S. Certain utility facilities are also required to prepare and implement Facility Response Plans to ensure prompt and proper response to releases of oil. The HECO Companies' facilities that are subject to OPA requirements have prepared and implemented Spill Prevention, Control and Countermeasures Plans and Facility Response Plans. In August 2019, the U.S. Coast Guard issued its final rule to adjust the limits of liability for facilities subject to OPA to reflect the increase in the Consumer Price Index since 2015.

Hazardous Waste and Toxic Substances Controls

The operations of certain utilities are subject to provisions of the Resource Conservation and Recovery Act (RCRA), the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA, known also as Superfund), the Superfund Amendments and Reauthorization Act (SARA), and the Toxic Substances Control Act (TSCA).

RCRA requires all utilities that use underground storage tanks for storing petroleum products to comply with established leak detection, spill prevention, standards for tank design and retrofits, financial assurance, operator training, and tank decommissioning and closure requirements. The HECO Companies' state that all of its underground storage tanks currently meet the applicable requirements.

SARA requires utilities to report potentially hazardous chemicals present in their facilities in order to provide the public with information so that emergency procedures can be established to protect the public in the event of hazardous chemical releases. Since January 1, 1998, the steam electric industry category has been subject to Toxics Release Inventory ("TRI") reporting requirements. In March 2019, the EPA published the 2017 TRI National Analysis dataset. Several generating stations throughout the state are listed in the dataset.

TSCA regulations specify procedures for the handling and disposal of polychlorinated biphenyls (PCBs), a compound found in some transformer and capacitor dielectric fluids. TSCA regulations also apply to responses to releases of PCBs to the environment. The HECO Companies have instituted procedures to monitor compliance with these regulations and have implemented a program to identify and replace PCB transformers and capacitors in their systems. In October 2019, the EPA published the "Guidance for Applicants Requesting To Treat/Dispose of PCBs Using Incineration or an Alternative Method." The updated guidance should be used by utilities applying to EPA for approval to dispose of PCBs.

Hawaii's Environmental Response Law (ERL), as amended, governs releases of hazardous substances, including oil, to the environment in areas within the state's jurisdiction. Responsible parties under the ERL are jointly, severally, and strictly liable for a release of a hazardous substance. Responsible parties include owners or operators of a facility where a hazardous substance is located and any person who at the time of disposal of the hazardous substance owned or operated any facility at which such hazardous substance was disposed.

The HECO Companies state that they periodically discover leaking oil-containing equipment such as underground storage tanks, piping, and transformers. The HECO Companies state that each utility reports releases from such equipment when and as required by applicable law and addresses the releases in compliance with applicable regulatory requirements.

Federal Universal Service Fund and Eligible Telecommunications Carrier Certification

The Commission is the State entity authorized and responsible for designating and certifying Hawaii ETCs seeking USF disbursements under the federal USF program. The USF program, created by the U.S. Congress through the Telecommunications Act of 1934, as amended in 1996 ("Telecommunications Act"), is intended to preserve and advance an basic level of quality, affordable telecommunications service to "all regions of the Nation" in favor of the "the public interest, convenience, and necessity."[15] The Federal Communications Commission ("FCC"), with the assistance of the designated USF Administrator, the Universal Service Administrative Company ("USAC"), oversees the distribution of USF support.

To receive USF support, a telecommunications carrier must first be designated as an ETC by the Commission or the FCC in accordance with the requirements of 47 U.S.C.A 214€ and additional federal regulations[16] as well as the Commission's own certification requirements.[17] ETC designation also includes a required determination that an applicant's designation as an ETC would be in the public interest.[18] The Consumer Advocate participates in all dockets where telecommunications carriers seek designation as an ETC.

On March 31, 2016, the FCC adopted a comprehensive reform and modernization of the Lifeline Program. In the FCC 2016 Lifeline Modernization Order, the FCC included broadband as a support service in the Lifeline program. The FCC also set out minimum service standards for Lifeline-supported services and established a National Eligibility Verifier to make independent subscriber eligibility determinations.

Commission proceedings relating to ETC designations and certification during FY 2019 are summarized in the following section. See pages 42 through 47 for a list of ETCs in Hawaii.

VIII. Special Fund Update for Fiscal Year 2019

Act 226, Session Laws of Hawaii 1994, established the PUC Special Fund to be administered by the Commission and to be used by the Commission and the Consumer Advocate for all expenses incurred in the administration of HRS Chapters 269, 269E, 271, and 271G. At the beginning of each FY, the Special Fund starts with a $1 million balance carried over from the prior FY. Pursuant to HRS § 269-33(d), moneys in excess of $1 million remaining in the Special Fund at the end of each FY are required to lapse to the General Fund.

All fees and other revenues collected by the Commission are deposited into the PUC Special Fund. Public utilities are required to pay an annual fee of one-half of one percent of the gross

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[15] See 47 U.S.C.A. § 254(b). States are also authorized to have their own supplemental USF support programs and associated funding mechanisms to bolster the federal USF. See 47 U.S.C.A. § 254(f). See also Haw. Reve. Stat. §§ 269-35, -41, -42. However, the Hawaii USF has been specifically designated as a "fund of last resort," which limits funding-eligible carriers to only those not otherwise able to get funding from other sources, including the federal USF. See H.A.R § 6-81-6 (1996).
[16] See 47 U.S.C.A. § 254(e); See also 47 U.S.C.A. §§ 214(e)(2) and (6).
[17] Order No. 30932, filed on December 28, 2012, in Docket no. 2011-0052.
[18] See 47 C.F.R. § 54.202(b) (2012). See Order No. 30309, Application of Pa Makani LLC for Designation as an Eligible Telecommunications Carrier in the State of Hawaii, Docket No. 2011-0145, filed April 10, 2012 at 25.

income of each respective public utility's previous year's business, paid in two installments, in July and December. Motor carriers pay fees of one-fourth of one percent (0.25%) of their gross revenues of the previous year's business paid annually. Other Special Fund revenues include filing fees, duplication fees, interest and penalties, and One Call Center fees.

This update on the Special Fund is provided to the legislature as required by HRS § 269-33(c), as amended by Act 24, Session Laws of Hawaii 2013.

Revenue

Total FY 2019 Special Fund revenue of $17,563,946 reflect a 4% increase compared to FY 2018 revenues. The Commission collected $15.5 million in public utility fees for FY 2019, 5% more than FY 2018 public utility fees. Motor carrier fees of $1.8 million collected in FY 2019 remained steady from FY 2018. The revenue derived from each source of income for FY 2019 are shown in Figure 16 and Table 14.

Figure 16 – Public Utilities Commission Special Fund FY 2019

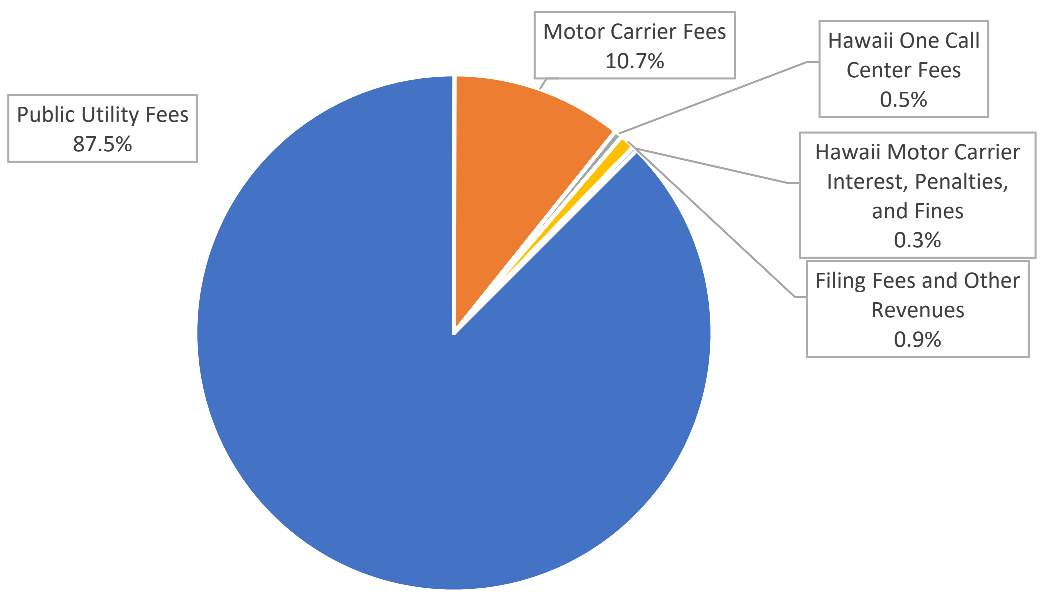

Table 14 – Public Utility Commission Special Fund Revenue, FY 2018 and 2019

Description of Revenues	FY 2018	FY 2019
Public Utility Fees	$14,798,891	$15,518,081
Motor Carrier Fees	$1,809,299	$1,822,738
Hawaii One Call Center Fees	$86,352	$78,263
Filing Fees and Other Revenues	$160,278	$75,943
Hawaii Motor Carrier Interest, Penalties, and Fines	$50,511	$68,921
Total Revenues	**$16,905,331**	**$17,563,946**

Expenditures and Transfers

In FY 2019, the Commission's direct expenditures totaled $7,339,118 and accounted for 46% of total expenditures and transfers from the Commission's Special Fund.

During the FY, the remaining 54% of expenditures consisted of transfers to other State agencies or the General Fund, including 27% transferred to the Consumer Advocate pursuant to HRS § 269-33, 5% was transferred to the Department of Accounting and General Services for Central Services pursuant to HRS § 36-27, and 3% was transferred to Department of Commerce and Consumer Affairs for Administrative Support Services pursuant to HRS § 36-30.

Pursuant to HRS § 269-33(d), moneys in excess of $1 million remaining in the fund at the end of each FY are transferred to the General Fund. In FY 2019, this amount was $3,055,736 and accounted for 19% of total Commission expenditures and transfers.

The breakdown of total FY 2019 Commission Expenditures and Transfers are detailed in Figure 17 and Table 15.

Figure 17 – PUC Special Fund FY 2019 Expenditures and Transfers

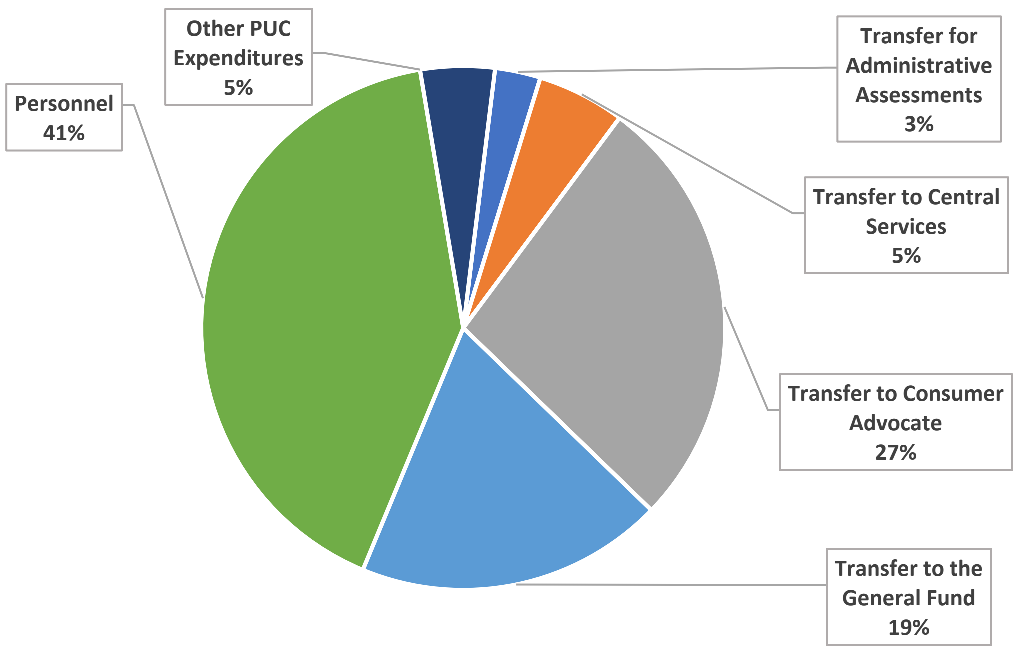

Table 15 – FY 2018 and 2019 PUC Special Fund Expenditures and Transfers

Description of Expenditures and Transfers	FY2018	FY2019
Personnel	$6,164,141	$6,602,086
Other PUC Expenditures	$907,157	$737,032
PUC Expenditures Subtotal	**$7,071,298**	**$7,339,118**
Transfer to DAGS Central Services	$833,163	$870,866
Transfer to DCCA Consumer Advocate	$4,348,405	$4,348,405
Transfer for DAGS Renovation	$81,000	-
Transfer to the General Fund	$3,155,990	$3,055,736
Transfer for DCCA Administrative Assessments	$452,508	$452,508
Total	**$15,942,364**	**$16,066,633**