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The Honorable Chair and Members
of the Hawai'i Public Utilities Commission
Kekuanao'a Building, First Floor
465 South King Street
Honolulu, Hawai'i 96813

PUBLIC UTILITIES
COMMISSION

Dear Commissioners:

Subject: Transmittal No. 19-01 (Decoupling) Hawaiian Electric's RBA Rate
Adjustment Tariff Filing
Transmittal No. 19-02 (Decoupling) Hawai'i Electric Light's RBA Rate
Adjustment Tariff Filing
Transmittal No. 19-03 (Decoupling) Maui Electric's RBA Rate
Adjustment Tariff Filing
Response to PUC-IR 100

The Hawaiian Electric Companies'¹ encloses for filing the Companies' response to PUC-IR-100 submitted in this proceeding on April 11, 2019.

Very truly yours,

Dean K. Matsuura
Director, Regulatory Rate Proceedings

Enclosure

¹ The "Hawaiian Electric Companies" or "Companies" are Hawaiian Electric Company, Inc. ("Hawaiian Electric"), Hawai'i Electric Light Company, Inc. ("Hawai'i Electric Light"), and Maui Electric Company, Limited ("Maui Electric").

PUC-IR-100

Ref: Expenses Transferred from O&M to Capital Accounts

- a. Please provide the amounts recorded in accounts 922 (Administrative Expenses Transferred), and 926020 (Employee Benefits Transferred), for each of the HECO Companies for each of the years 2014 through 2018.
- b. Do the amounts recorded in accounts 922 and 926020 represent the total amounts of O&M expense transferred to accounts that were recovered or will be recovered by inclusion in rate base?
- c. If the response to part b. above is not affirmative, please provide a detailed explanation, and identify all other such accounts and provide the account numbers and recorded amounts for each account for each of the HECO Companies for each of the years 2014 through 2018.
- d. Please provide any known amounts and/or projections of amounts to be included in each of the accounts identified in parts a. and c., above, for the years 2019, 2020, and 2021 for each of the HECO Companies.

Hawaiian Electric Companies Response:

- a. The amounts recorded in accounts 922 (Administrative Expenses Transferred) and 926020 (Employee Benefits Transferred) for each of the Hawaiian Electric Companies¹ for each of the years 2014 through 2018 are provided below:

Account 922 (\$000)					
	2014	2015	2016	2017	2018
HECO	-17,904	-18,834	-14,793	-14,897	-14,221
HELCO	-1,209	-1,250	-1,501	-2,178	-3,468
MECO	-3,335	-2,221	-2,575	-2,514	-2,711

Account 926020 (\$000)					
	2014	2015	2016	2017	2018
HECO	-19,041	-20,237	-20,616	-22,862	-36,249
HELCO	-3,220	-3,337	-4,126	-4,303	-6,509
MECO	-3,689	-3,153	-3,392	-3,534	-3,777

¹ The Hawaiian Electric Companies (or “Companies”) consist of Hawaiian Electric Company, Inc., Hawai’i Electric Light Company, Inc., and Maui Electric Company, Limited.

- b. The amounts recorded in accounts 922 (Administrative Expenses Transferred) and 926020 (Employee Benefits Transferred) represent the portion of total costs initially charged to A&G accounts that relate to non-O&M accounts. The subject costs are initially charged to A&G accounts and are subsequently transferred as an on-cost loading based on the portions that relate to plant construction and other non-O&M accounts such as billings to affiliates and outside parties for services rendered (i.e., billables, pole damage repairs, etc.). The majority of the balance relates to amounts transferred to plant construction which is or will be recovered in rate base. The amounts transferred to other non-O&M accounts such as billables would be recovered via billings to the related parties.² The billable amounts are relatively insignificant for Hawai'i Electric Light and Maui Electric (the "subsidiary companies") but are large for Hawaiian Electric as it provides services on behalf of the other two Companies. Refer to the table in subpart c. for the billable amounts for Hawaiian Electric. Hawaiian Electric is paid for services rendered on behalf of the subsidiary companies via intercompany billings ("ICBs") to the subsidiaries, but the amount recovered in customer rates is based on the ICB expense levels included in the subsidiaries' last general rate case.
- c. Please see below for the amounts recorded to accounts 922 and 926020 that relate to billable accounts for Hawaiian Electric.

Account 922 (\$000) - Billable					
	2014	2015	2016	2017	2018
HECO	-1,765	-1,949	-1,759	-1,766	-2,726

² See Mr. Paul Franklin's testimony in Hawaii Electric Light Company's 2019 Test Year Rate Case, Docket No. 2018-0368, HELCO T-12, at 22-27 for more discussion on these accounts.

Account 926020 (\$000) - Billable					
	2014	2015	2016	2017	2018
HECO	-1,861	-3,242	-4,600	-4,522	-7,369

- d. Forecasted amounts in accounts 922 and 926020 for each of the Hawaiian Electric Companies for the years 2019 through 2021 are provided below. The forecast was a point in time estimate and actuals may vary from the forecast due to factors such as higher/lower A&G and Employee Benefit expenses and the utilization of labor resources between capital and non-capital.

Account 922 (\$000)			
	2019	2020	2021
HECO	-22,370	-23,371	-25,000
HELCO	-4,376	-4,583	-4,607
MECO	-4,311	-3,972	-4,159

Account 926020 (\$000)			
	2019	2020	2021
HECO	-43,008	-44,724	-47,610
HELCO	-6,395	-5,692	-5,896
MECO	-4,331	-4,402	-4,673